

EXHIBIT A

Part 7 of 9

June 25, 2007

To: All Managing Directors

Re: 2007 Managing Director Selection

The following provides additional information about the selection process.

Nominations

The Nominations Web site will be open from June 25 through July 11. During this time, you will have the opportunity to nominate candidates that you have not already recommended through your divisional process, or who sit in another division. Information you provide on the Web site will help cross-rufflers identify the people who should be interviewed in order to comprehensively assess each candidate.

Guidelines

- Nominate only those people who truly affect the future success, leadership and well-being of the firm, i.e., people who successfully combine commercial effectiveness, leadership, culture and values, and who live by the business principles and core values of the firm - client focus, integrity, meritocracy, excellence, entrepreneurial spirit and teamwork.
- Nominate candidates who drive our growth and build businesses.
- Think broadly about candidates and look for a diverse range of experiences and backgrounds. We are committed to hiring, retaining and promoting a diverse workforce.
- Consider each candidate's strengths and weaknesses against the criteria (found at the Nominations Web site) used to evaluate managing directors.
- You may nominate a candidate from outside your division. Your name will appear next to the candidate(s) when it is shared with the respective division's cross-ruffing team and division and region heads.
- You should include the names of interviewees (EMDs, PMDs and Advisory Directors) who can provide valuable insight regarding your nominee's candidacy to the cross-ruffing team.

Cross-ruffing

Managing director cross-ruffing will be conducted by intra-divisional teams selected by the divisions' senior leadership. Similar to last year, Partnership Committee members or designees will serve as co-captains to the divisional cross-ruffing teams. This will allow input from both individuals with an impartial perspective, and from internal cross-rufflers who know the candidates and their businesses.

We urge you to share feedback on candidates through the many formal and informal opportunities provided. The announcement of new managing directors is planned for late October; we encourage you to communicate your views early in the process.

Please submit your nominations no later than July 11.

If you have any questions, please contact Steve Lindia (8-902-4911).

Thank you.

Lloyd C. Blankfein
Jon Winkelried
Gary D. Cohn
Kevin W. Kennedy
Eric S. Schwartz
Stephen A. Lindia
2007 MD Selection Committee

2007 Managing Director Selection Milestones

Firmwide Activity

Monday, June 25

Managing Director Nomination Web site Opens



Division- and Region-Based Activities

July

Department/Business Unit/Product Line Meetings
Divisionwide Meetings



August/September

Cross-ruffing Process



Early October

Department/Business Unit/Product Line Meetings
(optional)
Divisionwide Meetings



Firmwide Activities

Monday, October 22

Management Committee Meeting



Thursday, October 24

Firmwide Managing Director Meeting – MD Class
of '07 Announced

GS0167472 – GS0167489,
GS0167542,
GS0167564 – GS0167565,
GS0167579 – GS0167581,
GS0167585,
GS0167599,
GS0167724 – GS0167726,
GS0167829 – GS0167831,
GS0175192 – GS0175196,
GS0175203 – GS0175204

CONFIDENTIAL

FILED UNDER SEAL

GS0175324 – GS0175326,
GS0175329,
GS0175387 – GS0175388,
GS0175395 – GS0175396,
GS0175439 – GS0175443,
GS0175454 – GS0175458,
GS0175493 – GS0175494,
GS0175498 – GS0175499,
GS0175502 – GS0175503,
GS0175507,
GS0175509,
GS0175513,
GS0175516 – GS0175520

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FILED UNDER SEAL

GS0175532,
GS0175536 – GS0175537,
GS0175544,
GS0175546 – GS0175547,
GS0175552 – GS0175553,
GS0175865 – GS0175867,
GS0175873 – GS0175875,
GS0175877 – GS0175885,
GS0175905 – GS0175924,
GS0175978 – GS0175982,
GS0176162 – GS0176166

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Americas Diversity Committee

March 19, 2008



Global Leadership
and Diversity

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Global Leadership
and Diversity



**Global Leadership
and Diversity**

2008 Americas Diversity Committee Areas of Focus

Firmwide Perspectives

- ✧ Accountability Scorecards
- ✧ Internal Communications
- ✧ Affinity Networks
- ✧ History/Heritage Months
- ✧ Topical Postings
 - Sexual Orientation
 - Disability
 - Religion
- ✧ Benchmarking and External Best Practices

Divisional Spotlights

- ✧ ADC Member Signature Initiatives

Recruiting

- ✧ Experienced Hire Recruiting
 - Firmwide Efforts
 - ↳ New Directions
 - Divisional Efforts
- ✧ Campus Recruiting
 - Firmwide Efforts
 - Divisional Efforts
 - ↳ Conversion of Summer Analysts/Associates

Retention

- ✧ Training
 - Marketing Campaign
 - Ensuring Attendance
- ✧ Promotion Pipeline Development
 - Black Professionals Initiative (BPI)
 - Hispanic Professionals Initiative (HPI)
 - Multicultural Women's Initiative (MWI)
 - Women's Career Strategies Initiative (WCSI)
- ✧ Mentoring
 - Divisional Results
 - Reverse Mentoring

Americas Diversity Committee Signature Initiatives

<u>ADC Member</u>	<u>Division</u>	<u>Signature Initiative</u>
David Heller, Chair	Equities	
Fran Bermanzohn	Legal	Departmental Initiative on Maternity Outreach / Member Women's Partner Advocacy
Craig Broderick	Finance	Finance Diversity Steering Committee Chair
Valentino Carlotti	Equities	Black Professionals Initiative Sponsor
Laura Conigliaro	GIR	Divisional WCSI Champion, GIR Americas Mentoring Program
Colleen Foster	FICC	
Ivan Gallegos	FICC	Hispanic Professionals Initiative
Kristin Gannon IBD		Focus on IBS Women
Chris Kojima	IMD	Women's Career Strategies Initiative (WCSI)
Eric Lane	IMD	IMD Level Playing Field Initiative
Jeff Moslow	IBS	Multicultural Women's Initiative
Sara Recktenwald	FICC	
Stuart Rothenberg	MBD	REPIA Diversity Dialogues Champion
Gary Schermerhorn	TECH	Diversity Steering Committee
Lisa Shalett	Compliance	LCM-EO Women's Network and Pine Street Board
Robin Vince	OPS	Sponsor for the Operations Black Network / Chair of the Operations Diversity Steering Committee

Firmwide Initiatives

Women's Career Strategies Initiative	Chris Kojima, Lisa Shalett
Multicultural Women's Initiative	Edith Cooper, May Kin Ho, Jeff Moslow, Marina Roesler
Black Professional Initiative	Edith Cooper, Lorin Radtke
Hispanic Professional Initiative	R. Martin Chavez, Ivan Gallegos
ascend	Abby Joseph Cohen
Disability Recruiting	Tom Kenny
Firmwide Black Network	Dane Holmes, David Seeberan
Firmwide Hispanic Latin Network	R. Martin Chavez, Ivan Gallegos
Asian Professional Network	Bunty Bohra, Tony Yee
Gay and Lesbian Network	Julie Harris, Patrick Kennedy
Firmwide Women's Network	Analisa Allen, Clare Scherrer

Diversity & Inclusion Update

Americas Diversity Committee

March 19, 2008



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Diversity & Inclusion Curriculum – Firmwide

	Audience Based Training ¹				Topic Based Training				
	General Training* Employees	General Training* Managers	MDs	Feedback	Sexual Orientation	Disability	Religion	Age	Working Across Cultures
Mastery	Being a Diversity Champion (2009)	Do You Know?	Pine Street Master Class						Managing Global Teams – 2Q 08
Skill Building	Can You Hear Me Now? (CYHMN)	Building an Inclusive Environment (BIE) Can You Hear Me Now? (CYHMN)	Delivering Performance Reviews	Out in the Open: Sexual Orientation in Workplace	Acting on Disability	Religion in the Workplace			Doing Business In...
Awareness Raising	GSPP Diversity Dialogues ² Bafa Bafa ³ Anti - Sexual Harassment D&I at GS ER Module – 2Q 08 Fact, not Fiction	MD Orientation Leadership Excellence	Performance Review Training	Sexual Orientation Learning 2Q 08	Disability Learning 2Q 08	Religion Learning 2Q 08	Age Learning 2Q 08	Building Cultural Awareness	GlobeSmart

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Audio Learning
 Classroom Learning
 Offered by Pine Street
 Part of GS Curriculum
 Not Completed

¹ All participants are encouraged to attend both audience-based training to supplement their learning.
² Signature Program
³ Part of GS "Do You Know What I Know?" Program and take the place of GS Workshop for Managers

^{*} General training includes face and online
^{*} Classroom training are not complete

High Level Global Statistics FY2007

Design

- Launched 10 new programs for the D&I curriculum
- Redesigned 6 programs

Delivery

- Held 338 sessions globally
- 14,775 participants
- 12,668 unique employees (46% of the population)
- 415% increase in participation vs. 2006

2-Hour Training Requirement

- 35% of the population completed 2 or more hours
- 11% completed less than 2 hours
- 54% did no D&I training



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Plans for FY2008

Design

- Launch 14 new programs for the D&I curriculum

Delivery

- Increase offerings and e-learning to reach full population
 - > Currently, 25% of employees have completed their 2 hours; 10% are "in progress"
- Up to 90,000 hours available in FY2008; over 60,000 currently scheduled

New programs

- Do You Know What I Know?
- Pine Street Master Class for MDs
- Managing Global Teams
- Religion in the Workplace
- Doing Business In . . . (U.S.A, Dubai and Korea))
- 4 e-learning modules
- 3 modules in partnership with ER
- Interview Skills Training (e-learning)



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2008 D&I Scorecard: Sept 1, 2007 – Feb 29, 2008

Division	Global					
	Headcount	>= 2 Hrs	%	< 2 Hrs	%	None
Compliance	Redacted					
Equities	2,937	412	14%	210	7%	2,315
Exec Office	Redacted					
FICC	2,647	303	11%	239	9%	2,105
Finance	Redacted					
GIR						
HCM						
IBD	3,127	493	16%	352	11%	2,282
IMD	3,111	652	21%	294	9%	2,165
Legal & MCD	Redacted					
MBD	458	63	14%	89	19%	306
Operations	Redacted					
Services						
Technology						
Total:						

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Communication Campaign

Ongoing

- Monthly – Included in each division's GSU marketing
- Monthly – "What Would You Do Differently?" feature
- Ad hoc – GLD Communications and Heritage Month training opportunities

January

- Begin 2-hour reminder (divisionally sent)
- Update to European Diversity Committee
- Update to European Management Committee
- Communication of "the 75% metric" (75% of employees complete at least 2 hours)

February

- Complete 2-hour reminder (divisions)
- HCM Op Comm update

March

- Quarterly report
- GS Web spotlight box and "email campaign" with Diversity Committees
- Launch "What Would You Do Differently?" feature (with Jeff Moslow)
- Update to Americas Diversity Committee
- Customized, "mail merge" email for very targeted training opportunities

April – Reminder from EO (tbc) / story on home page

May – Divisional "last chance" messages

June – Focus on e-learning

July – Quarterly metrics report

August – End of scorecard year

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What the ADC Can Do

Reinforce communication

- 2-hour D&I requirement
- Emails to support program launches
- Emails/voice mails in support of History and Heritage months

Actively participate

- Sponsor/champion upcoming launches of specific courses (i.e. religion) via email communication and live introductions
- "What Would You Do Differently?" interviews
- Run "Diversity Dialogues"

Ensure your teams participate

- Review participation by your teams



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Diversity & Inclusion Curriculum – Course Descriptions

Current Online/ Web Offerings

Course	Target Audience	Description	Regions Offered
Diversity & Inclusion at Goldman Sachs	All Levels	This introductory eLearning course presents the impact diversity has on our business, clients, and workplace through interactive activities and Goldman Sachs case studies.	All
Doing Business In... Series	All Levels	Series of web casts that provide an understanding of the business culture in specific countries while helping participants think more strategically about how to work with colleagues and clients in that context. Current library includes: Brazil, Russia, India, China, Japan, and Saudi Arabia. Session Planned for 2008 include: U.S A, Dubai and Korea	All
GlobeSmart	All Levels	GlobeSmart is an interactive web tool designed to help our people improve their business performance when working with colleagues and clients globally. The tool is meant to provide "just in time" information to help professionals prepare for a business trip or longer term assignment in a new region and culture that is different from their own. Link: http://home.gs.com/gsu/pages/article?nodeID=52411	All



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Diversity & Inclusion Curriculum – Course Descriptions

Current Classroom Offerings

Course	Target Audience	Description	Regions Offered
Acting on Disability	All Levels	Acting on Disability is designed to impart practical strategies for working with people with a disability. This session will illustrate scenarios that address best practices in interviewing and hiring disabled people, and managing professionals with a disability.	EMEA AEJ / Japan
Bafa Bafa	All Levels	This course is designed to motivate participants to rethink their behavior and attitude toward others, examine their own bias, focus on how they perceive differences and identify diversity issues within the organization that should be addressed.	Divisional Offering
Building Cultural Awareness	All Levels	This program will increase individuals' awareness of their own cultural preferences and provide practical tools and suggestions for working across cultures.	Americas, AEJ, EMEA, Japan
Building an Inclusive Environment	VPs and MDs	This course for managers introduces the dimensions of diversity that exist in teams, and how managers can identify ways to proactively manage a diverse team.	All
Can You Hear Me Now?	Associates and Below VPs and MDs	The session provides practical strategies to demystify communication and work styles while offering insight on how to acknowledge and leverage diverse perspectives.	All
Diversity Dialogues	All Levels	An open discussion about diversity-related themes encountered everyday. The aim is to explore topics such as work environment, decision-making, and recruiting through the lens of diversity, and to broaden participants' perspective on the subject.	Divisional Offering
Delivering Performance Reviews	Managers who are new to delivering reviews	This session provide managers with the tools and best practices to assist them in delivering effective feedback to all employees.	All
Do You Know What I Know?	VPs and MDs	This session will increase leaders awareness of the proactive role they play in the career development of the individuals on their team and engage leaders in a dialogue on how they can help diverse members of their teams avoid potential career pitfalls.	All
Goldman Sachs Person by Person (GSPP)	VPs and MDs Analysts & Associates	This interactive program uses drama-based scenarios to raise awareness around common diversity issues in the workplace.	All
Out in the Open: Sexual Orientation in the Workplace	Associates and Below VPs and MDs	This session provides insight into the experiences of a gay, lesbian, bisexual and transgender (GLBT) professional at the firm and articulates the behaviors participants can adopt to ensure the environment is inclusive for all.	Americas, AEJ, EMEA, Japan



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Do You Know What I Know – D&I Manager Best Practices

- **FACT:** The firm has a number of rigorous processes in place to ensure performance evaluations, promotion opportunities and compensation are handled fairly.
- **RISK:** Active and conscious effort is required on the part of leaders/managers to assess their team members. However, they may be adversely influenced by incidental factors such as employees' communication styles, behavioral norms, access to informal networks, etc.

Unwritten Rules of GS	Modus Operandi for Some GS Women	Assessment of Those Women
<ul style="list-style-type: none"> ■ Have a Point of View and Share It 	<ul style="list-style-type: none"> ■ Defer to Authority Perceive themselves as too junior to have a "valid" perspective. ■ Maintain Credibility by Only Speaking When 100% Correct Hesitant to share a particular point of view unless they are certain of the answer and how it will be received. 	<ul style="list-style-type: none"> ■ Too Quiet Credibility with senior leaders is undermined by their silence ■ Do Not "Take a Seat at the Table" ■ Do Not Display "Leadership" Qualities
<ul style="list-style-type: none"> ■ Self Promotion, or "Posting", is a Critical Element to Career Management 	<ul style="list-style-type: none"> ■ Eschew Self Promotion for "Putting Head Down and Working Hard" — View self promotion as a negative attribute, akin to "boasting", and are not inclined to engage in this activity. 	<ul style="list-style-type: none"> ■ "Invisible" / Not on the "Radar Screen" ■ "Contributions" are Fewer Relative to Male Peers
<ul style="list-style-type: none"> ■ Visibility and Sponsorship are Important to One's Advancement 	<ul style="list-style-type: none"> ■ Rely Too Heavily on Insular Networks — Limited view of stakeholders and may not perceive that they have access to influential informal networks. 	<ul style="list-style-type: none"> ■ No One "Knows" Them — Unwilling to "pound the table" for them
<ul style="list-style-type: none"> ■ Those Who "Ask", Receive 	<ul style="list-style-type: none"> ■ Expectation that "Hard Work" Will be Rewarded — Uncomfortable asking for opportunities, assignments and compensation. 	<ul style="list-style-type: none"> ■ If She Wanted Something, She Would Have Asked For It

UNINTENDED IMPACT

Perceived Reality of "GS Women"

- Hard work is not acknowledged and rewarded
- Promotion is based on who you know and who knows you
- The playing field is not level
- **Advancement is not based on individual ability**

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Appendix

Exhibit

Global Leadership & Diversity Calendar Q1 and Q2

A

Diversity & Inclusion Curriculum Calendar

B

Diversity Related Articles

Diversity Pledges Ring Hollow, Business Week, 2008

C

On Diversity, America Isn't Putting Its Money Where Its Mouth Is, The Wall Street Journal, 2008

D

Why Women Mean Business, The Times, 2008

E

Goldman Sachs Sponsors a New Directions Program for Women Returning to Finance, Theglasshammer.com, 2008

F

On the money: Forget the macho stereotypes, says Hazel Davis. More and more women are going into the City, The Guardian, 2008

G

Hail Mary: Former Irish president Mary Robinson now chairs a club for female heads of state; and with their help she hopes to change the world, The Guardian, 2008

H



Global Leadership
and Diversity

Global Leadership and Diversity Central - Second Quarter 2008 Calendar - as of March 13, 2008					
Date	Event	Internal/ External	Project Name/ Division/ Network	Venue	City
Jan-08					
10-Jan	Boston Diversity Roundtable	Internal/External	Client Advisory	Boston	Boston
15-Jan	Americas Diversity Committee Meeting	Internal	ADC	85B/22F	NY
16-Jan	Client Advisory Mtg: Tudor	External	Client Advisory	Tudor	CT
18-Jan	Multicultural Women's Alliance Workshop	Internal	MWI	32OS	NY
22-Jan	Financial Women's Association "Banking in Russia" event	Internal/External	FWN	180ML	NY
24-Jan	BHM: History and Culture: Black Wealth in America	Internal	BHM	32OS	NY
30-Jan	Vice President Orientation - "Challenges Faced as a VP"	Internal	GSU	30H	JC
Feb-08					
4-Feb	Firmwide Diversity Committee Meeting	Internal	FDC	85B	NY
6-Feb	Loft Series (Hispanic) - Marina Roesler	Internal	MWI	Brandy Library	NY
6-Feb	WBA Conference - "Leaving and re-entering the workforce"	External	Speaking Engagement	Kellogg	Chicago
07-Feb	BHM: Redefining Wealth in the 19th Century	Internal	BHM	32OS	NY
12-Feb	Vice President Orientation - "Challenges Faced as a VP	Internal	GSU	30H	JC
13-Feb	BHM: Distinguished Speaker "Dr. Alvin Pouissant"	Internal	FBN	32OS	NY
21-Feb	NCRW Dinner	External	FWN	Cipriani	NY
21-Feb	BHM: Building Wealth, Building Knowledge	Internal	BHM	32OS	NY
27-Feb	Brokering Change - "Leading in Difficult Times"	External	MWI	32OS	NY
28-Feb	BHM: Then and Now Wall Street in the Black	Internal	BHM	30H	JC

1st QTR 08

2nd QTR 08

Diversity & Inclusion – 2008 Americas Calendar

<u>Class</u>	<u>Session Date</u>	<u>Session Time</u>	<u>City</u>
February-08			
Can You Hear Me Now?	February 5th	10:00 AM / 2:00PM	New York City
Can You Hear Me Now?	February 13th	10:00 AM / 2:00PM	Washington DC
Building Cultural Awareness	February 13th	10:00 AM / 1:00 PM / 4:00 PM	New York City
Cut in the Open: Sexual Orientation	February 19th	10:00 AM / 1:00 PM / 4:30 PM	New York City
Goldman Sachs Person by Person	February 21st	10:00 AM / 1:00 PM	Chicago
Building an Inclusive Environment	February 26th	10:00 AM / 1:00 PM / 4:00 PM	New York City
March-08			
Can You Hear Me Now?	March 6th	10:00 AM / 2:00PM	New York City
Building an Inclusive Environment	March 11th	10:00 AM / 1:00 PM / 4:00 PM	New York City
Building an Inclusive Environment	March 12th	10:00 AM / 2:00PM	New York City
Can You Hear Me Now?	March 18th	10:00 AM / 2:00PM	Philadelphia
Can You Hear Me Now?	March 19th	10:00 AM / 2:00PM	New York City
Building Cultural Awareness	March 20th	10:00 AM / 1:00 PM / 4:00 PM	New York City
April-08			
Cut in the Open: Sexual Orientation	April 3rd	10:00 AM / 1:00 PM / 4:30 PM	Jersey City
Can You Hear Me Now?	April 8th	10:00 AM / 2:00PM	Jersey City
Can You Hear Me Now?	April 9th	10:00 AM / 2:00PM	Miami
Building an Inclusive Environment	April 15th	10:00 AM / 1:00 PM / 4:00 PM	New York City
Building an Inclusive Environment	April 16th	10:00 AM / 2:00 PM	Jersey City
Can You Hear Me Now?	April 17th	10:00 AM / 2:00PM	New York City
Building Cultural Awareness	April 23rd	4:00 PM	Jersey City
Building Cultural Awareness	April 30th	4:00 PM	Jersey City
Building an Inclusive Environment	April 30th	10:00 AM / 1:00 PM / 4:00 PM	Chicago
May-08			
Building an Inclusive Environment	May 6th	10:00 AM / 1:00 PM / 4:00 PM	New York City
Can You Hear Me Now?	May 6th	10:00 AM / 2:00PM	New York City
Building Cultural Awareness	May 22nd	10:00 AM / 1:00 PM / 4:00 PM	New York City
June-08			
Building an Inclusive Environment	June 9th	10:00 AM / 1:00 PM / 4:00 PM	Los Angeles
Building an Inclusive Environment	June 10th	10:00 AM / 1:00 PM / 4:00 PM	San Francisco
Building an Inclusive Environment	June 11th	10:00 AM / 1:00 PM / 4:00 PM	Salt Lake City
Cut in the Open: Sexual Orientation	June 12th	10:00 AM / 1:30 PM / 4:30 PM	New York City
Can You Hear Me Now?	June 17th	10:00 AM / 2:00PM	New York City
Can You Hear Me Now?	June 18th	10:00 AM / 2:00PM	Jersey City
Building an Inclusive Environment	June 24th	10:00 AM / 1:00 PM / 4:00 PM	New York City
Building an Inclusive Environment	June 25th	10:00 AM / 2:00PM	Jersey City
July-08			
Can You Hear Me Now?	July 15th	10:00 AM / 2:00PM	Boston
September-08			
Building an Inclusive Environment	September 16th	10:00 AM / 1:00 PM / 4:00 PM	New York City
Building an Inclusive Environment	September 17th	10:00 AM / 2:00PM	Jersey City
Building Cultural Awareness	September 18th	10:00 AM / 1:00 PM / 4:00 PM	New York City
Can You Hear Me Now?	September 19th	10:00 AM / 2:00PM	Jersey City
Can You Hear Me Now?	September 25th	10:00 AM / 2:00PM	San Francisco
Can You Hear Me Now?	September 26th	10:00 AM / 2:00PM	Salt Lake City
Can You Hear Me Now?	September 29th	10:00 AM / 2:00PM	Jersey City
October-08			
Building Cultural Awareness	October 2nd	10:00 AM / 1:00 PM / 4:00 PM	New York City
Can You Hear Me Now?	October 15th	10:00 AM / 2:00PM	Jersey City
Can You Hear Me Now?	October 21st	10:00 AM / 2:00PM	New York City
Building an Inclusive Environment	October 22nd	10:00 AM / 1:00 PM / 4:00 PM	New York City
Building an Inclusive Environment	October 23rd	10:00 AM / 2:00PM	New York City
Cut in the Open: Sexual Orientation	October 29th	10:00 AM / 1:30 PM / 4:30 PM	New York City
November-08			
Can You Hear Me Now?	November 4th	10:00 AM / 2:00PM	New York City
Building an Inclusive Environment	November 11th	10:00 AM / 1:00 PM / 4:00 PM	New York City
Building an Inclusive Environment	November 12th	10:00 AM / 2:00PM	Jersey City
Building Cultural Awareness	November 20th	10:00 AM / 1:00 PM / 4:00 PM	New York City
December-08			
Can You Hear Me Now?	December 2nd	10:00 AM / 2:00PM	New York City
Can You Hear Me Now?	December 3rd	10:00 AM / 2:00PM	New York City
Building Cultural Awareness	December 8th	10:00 AM / 1:00 PM / 4:00 PM	New York City
Building an Inclusive Environment	December 9th	10:00 AM / 1:00 PM / 4:00 PM	New York City
Building an Inclusive Environment	December 10th	10:00 AM / 2:00PM	Jersey City

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THE WORLD'S MOST INFLUENTIAL HEADHUNTERS February 5, 2008

Diversity Pledges Ring Hollow

A new study shows that in spite of corporate promises to promote diversity in senior management, very little progress has been made

by Joseph Daniel McCool

The persistent lack of diversity in senior corporate management has many origins, not least of which is the broad lack of diversity among executive headhunters (BusinessWeek, 02/04/08). That's especially unfortunate, since executive search consultants are the very people who could help pave the way for progress.

But when pointing out the profession's need to diversify its consulting ranks, it would be careless and inaccurate to lay the blame on headhunters alone. Indeed, there is apparently a hollow tone to many employers' pledges to increase diversity in their workforce, especially in the higher ranks. True, some hiring organizations reward diversity efforts by paying their executive-search firm partners a fee premium or bonus if their shortlist of candidates for a top management role includes women and minorities.

Some companies engage headhunters who advertise their access to nontraditional candidate streams under the banner of "diversity recruiting specialists." Still other employers have ratcheted up their presence at annual association and alumni gatherings of well-connected female and minority business leaders in an attempt to appear like insiders—or at least like progressive employers who truly care about diversifying their organizations.

To human-resource leaders jaded by their management teams' past attempts to position their companies as diversity leaders, such attempts to engage a more diverse pool of executive talent may seem shallow or ill-conceived. But if these efforts result in greater gender and racial representation in top jobs, they will have been well worth it.

DIVERSITY POLICY, NOT PRACTICE

However the findings of a recent survey by the Association of Executive Search Consultants (AESC) show a lack of results that make many hiring organizations' self-espoused commitments to workforce- and management-diversity ring hollow.

According to the AESC's BlueSteps 2007 Diversity Report, 76% of 357 global senior executives report their companies have one or no minorities among their top executives, and 56% say their employers have one or no women among their top executives. This lack of diversity at the top exists despite the fact that 54% of the respondents indicated their companies have an official "diversity in the workplace" policy already in place.

A comparison of 2005 and 2007 survey data results finds a slight decline—from 59% to 54%—in the percentage of respondents reporting that their companies currently have an official diversity policy in place.

GOOD OLE BOYS

This lack of progress suggests the entrenchment of the "good ole boys club" and business as usual. It surely also speaks of an apparent lack of accountability on the parts of companies that want outsiders—including shareholders and potential new recruits—to think that their organizations are ahead of the diversity curve.

The tendency is for companies to lament the dearth of highly qualified (code language for someone who has already held the job in another company) women and minority candidates for positions such as chief executive, and to promise to redouble their diversity commitment.

Minorities comprise 17% of the U.S. workforce, according to the Bureau of Labor Statistics, and that number is expected to hit 20% by 2016. Women currently represent 46% of the national workforce, and their numbers are projected to grow faster than

A key question for the future of diversity recruiting—especially for senior corporate management positions—is, exactly how many of those women and minorities will be recruited or promoted to positions considered good training grounds for future C-suite leaders?

And will companies that continue to fall short of any diversity gains simply stop making promises? Or will they actually do something to make up for the lack of progress?

HOW SEARCH FIRMS CAN HELP

Executive search consultants are uniquely positioned to assist companies to do just that by helping them build management teams that better reflect their current and future customer bases. But I would add that executive recruiters won't be seen for much longer as credible sources for diversity leadership talent unless their own recruiting consultants become more diverse (BusinessWeek, 02/04/08). That's already startlingly clear.

Lori Gleeman, president of Manhattan-based Gleeman Associates, a retained executive search firm that specializes in recruiting talent for executive headhunting firms, says more of them are beginning to acknowledge their own shortcomings where diversity is concerned.

"It is an executive search firm's responsibility to lead from the front and hire diversity candidates and women leaders within their own firms if they expect to tout themselves as a diversity talent supplier," Gleeman says. "We have found that many search firms are now aware of this discrepancy within their firms, and are now making an effort to recruit and retain those players in a variety of practices."

Convincing hiring organizations to take the management diversity issue more seriously would also be a major next step in the right direction. That will undoubtedly take a more concerted effort by all the parties regarding the management recruiting and succession process.

Hiring organizations will have to demand more of their own recruiters and show women and minority candidates how they can grasp more senior opportunities as they build a career within the company. And, as always, executive headhunters will have to employ new tactics to do a better job of finding more diverse business leaders.

Joseph Daniel McCool is a writer, speaker, and advisor on executive recruiting and management succession best practices.

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On Diversity, America Isn't Putting Its Money Where Its Mouth Is

The Wall Street Journal - 25 Feb 2006 - By Carol Hymowitz

Pay Gap

Young women (25 to 34-years-old) continue to earn substantially less than young men even when they have higher levels of educational attainment than young men. Women earn 20% to 25% less than men at the same education level, and only about as much as the men at the education level below them.

EDUCATION LEVEL	EARNINGS	PERCENT COMPARED TO MEN
All women	\$31,584	 86%
All men	\$36,623	
Women with a high-school diploma	\$23,628	 75%
Men with a high-school diploma	\$31,550	
Women with an Associate degree	\$30,171	 73%
Men with an Associate degree	\$38,430	
Women with a Bachelor's degree	\$40,231	 80%
Men with a Bachelor's degree	\$50,033	

Source: Census Bureau's Current Population Survey for 2007 and Legal Momentum

At a time when Americans are congratulating themselves for having a diverse field of political candidates, their business leadership still doesn't equally value diverse employees and managers. In fact, progress for women and minorities in terms of both pay and power has stalled or regressed at many of the nation's biggest companies. This inequality shapes perceptions about who can or should be a leader.

More than 40 years after job discrimination was outlawed, the wage gap between white men and just about everyone else persists. The one exception is for Asian-American men, whose

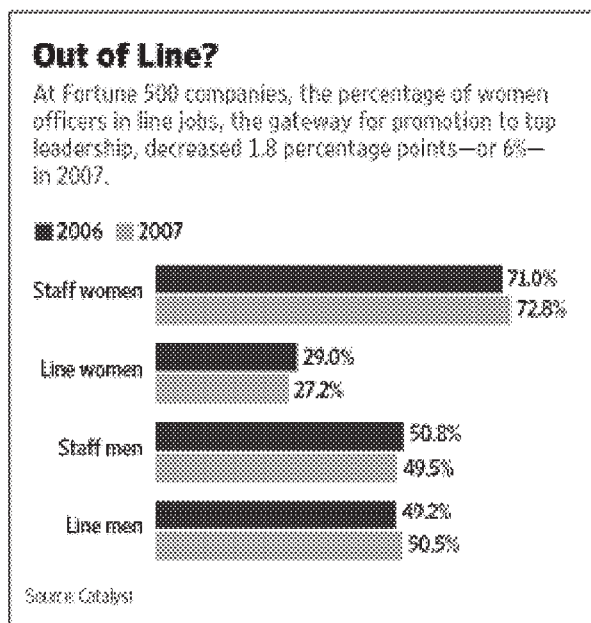
median wages were just 1% less than those of white men who worked full time, year round, according to the Bureau of Labor Statistics' survey in 2005, the latest year for which data are available.

Black men, by contrast, earned 74% of the wages of white males; Hispanic men earned 58%.

Women, overall, are substantially lagging behind men in pay. Full-time female employees earned 77% of all men's median wages. Breaking it down in terms of race, Asian-American women earned 78% of the median annual pay of white men; white women earned 73%; black women, 63%; and Hispanic women, 52%.

There are, of course, many theories about the reasons behind the pay discrepancies. Women may take time off to care for children, so they don't build up the tenure that leads to promotions and higher salaries; or they don't demand raises as often as men do because they've been socialized not to be assertive; or they don't have the right skills for the best-paying jobs.

The wage gap persists among young women who have more education than men their age. Last year, 45% of women ages 25 to 34 had a college degree, compared with 36% of young men. But women's median earnings overall were 14% lower, according to an analysis of recent Census Bureau data by Timothy Casey, a senior staff attorney at Legal Momentum, a New York advocacy group. Again, the gap may partly reflect that far fewer women than men major in engineering, business and other fields leading to high-paying jobs. Still, it is a reminder of how girls need to be encouraged to recognize their math and science abilities.



Young women earned 20% to 25% less than young men at the same education level -- about equal to men at an education level below theirs. "It's disheartening because the rate of progress toward equality that we saw in the 1970s and 1980s has slowed in recent years," says Heidi Hartmann, president and economist at the Institute for Women's Policy Research. "At the current rate, equal pay will take another 50 years."

White men also still wield the most power in business. Whites make up 81.6% of the work force and 83.5% of managers. Men of color held 6.4% of corporate-officer positions at the 260 big companies that agreed to verify data in a 2005 survey by research group Catalyst. Typically, corporate

officers hold titles of director or vice president and higher.

For women, who now represent half of all managers and professionals, the climb to the top has gotten tougher. In 2007, women held 15.4% of corporate-officer posts at the nation's top 500 companies, down from 16.4% in 2005, Catalyst said. Women of color hold just 2%.

The percentage of female officers in line jobs that lead to the corner office also fell -- by 6% to 27.2% last year, according to a Catalyst survey of the top 500 companies. By comparison, one-half of male corporate officers held line jobs. Some 74 of the nation's top 500 companies -- 10 more than in 2006 -- had no female corporate officers at all. Many other household-name companies, including Microsoft, GE and Wal-Mart, had fewer than 25% women in C-level posts.

Just five companies -- Reynolds American, Office Depot, Northeast Utilities, Edison International, Reliance Steel & Aluminum and Thrivent Financial for Lutherans -- had women in more than 40% of their corporate-officer jobs.

The lack of diversity means that whenever a top minority or female executive is ousted or retires, any gains are erased. It also reinforces stereotypes that women and minorities somehow lack leadership skills.

Morgan Stanley, for example, now has just four female corporate officers since the recent ouster of co-president Zoe Cruz and the departure of Eileen Murray, former head of global technology and operations. There are just three African-American CEOs at large companies -- American Express, Aetna and Darden Restaurants. That's 50% fewer than late last year before Merrill Lynch's Stan O'Neal and Sears' Aylwin B. Lewis left their jobs and Time Warner's Richard Parsons retired.

What will it take to change this picture at a time of fierce competition for a shrinking number of management jobs? It requires business chiefs who understand that diversity is good for the bottom line because it enables them to recruit the best talent, enlist broad thinking and reach diverse customers world-wide. And it requires CEOs to link their managers' compensation to achieving more diversity while offering development programs for all

employees.

This is happening at companies like Ernst & Young and IBM, which evaluate managers on how well they retain and advance women and minorities. IBM, which does business in 170 countries, "wants a work force as broad and diversified as its customer base," says Ron Glover, vice president, global workforce diversity.

Where Women Leaders Lag • Though almost half of law school grads over the past 15 years have been women, they make up only 16 percent of equity partners (those who share in a firm's profits), according to a 2007 survey by Working Mother magazine. • Overall, full-time female employees earned 77% of men's median wages. Breaking it down in terms of race, Asian-American women earned 78% of the median annual pay of white men; white women earned 73%; black women, 63%; and Hispanic women, 52%. • At 260 companies that verified race and ethnicity data for a 2007 Catalyst survey, men of color held 6.4% of corporate officer posts while women of color held just 2% of those posts. By race, African-American men held 2.6% of all corporate officer posts, Asian-American men held 1.5% and Latino men held 1.7%. African-American women held 1.1% of these corporate officer posts, Asian-American and Latino women held 0.4 % each. • 2007 Catalyst Census of Women Corporate Officers and Top Earners of the Fortune 500 • Catalyst Pyramid of U.S. Women in Business

Why Women Mean Business

Even fewer women are reaching the boardroom – and that's very bad news for British business, says a new book

The Times, 6 February 2008, Yvonne Roberts

The joke, after 40 years of repetition, no longer seems quite so funny. "So which office do you prefer?" says the male boss to the young female employee. "The one with the sticky floor or the glass ceiling?" Now, for the first time in history, women in the UK represent a large slice of the talent pool and much of the market. They outdo boys in school; they represent 59 per cent of graduates and take 80 per cent of consumer spending decisions.

In developed countries, women are becoming central to meeting the combined challenges of an ageing workforce, falling birth rates and a skills shortage. In the EU, since 2000, they have filled six million of the eight million jobs created.

So why are so many women in careers that fail to make full use of their talents? Last week a report by the Association of Graduate Recruiters indicated that the proportion of women recruited by leading companies in the UK had fallen from 42.6 per cent in 2006 to 39 per cent last year. Another survey, by the market research company Gavurin, suggested that the proportion of female directors had declined from 43 per cent in 1991 to 35 per cent last year. More than half the new companies registered in 2007 had no female directors.

This isn't a "women's problem", it's an issue for the economy. In 2006 the Women and Work Commission calculated that if women's skills were better harnessed, the country would gain £23 billion. Yet the fabled glass ceiling appears to be shatterproof, at least to the tentative tap of a stiletto heel.

But what if men were to take on the job of demolition? Forget issues of equality and social justice. What if they could be persuaded that, in the interests of their own health and wealth, it was time to get serious about the issues?

That is the question posed and answered in *Why Women Mean Business: Understanding the Emergence of our next Economic Revolution*. The book is by the Paris-based management consultant and executive coach Avivah Wittenberg-Cox, named by French *Elle* as one of the top 40 women leading change in France, and Alison Maitland, who was a *Financial Times* journalist for 20 years.

"Isn't it time to recognise that the 20th century is over?" asks Wittenberg-Cox. "Equal opportunities and diversity programmes are so last century. Making women act the same as men has been tried and nobody likes the result. Instead of trying to "fix" women, it's time to fix the system. Otherwise, an army of female middle managers are going to network and take assertive-ness courses, and end up talking to themselves while nothing changes. It's time to reframe the debate."

Diversity initiatives reinforce stereotypes, the two women argue. Parenting and work-life balance becomes a female handicap that has to be managed in the margins. Women's events and coaching have their place, but at a price: they reinforce the message that women need to be more competent at male corporate norms of behaviour.

"Women are not one minority among many to be managed," says Maitland. "They are a majority and they have clout."

"Business has to recognise that women are equal but different," Wittenberg-Cox adds. "I have spent most of my adult working life in a state of amazement that so many organisations choose to ignore half the talent pool and most of the market. It's time they woke up. The 21st century is about the three "Ws" – the web, the weather (and the issue of sustainability), and women.

"It's time for men to become 'gender bilingual'. When a major business moves into China, it tries to learn and understand Chinese culture and language. That's no different from learning to work with female differences in terms of aspirations, vocabulary, attitudes and priorities."

Wittenberg-Cox, 46, founded the influential European Professional Women's Network more than a decade ago. Now she runs 20-First, a consultancy that helps organisations to become gender-bilingual.

At present, the two authors argue, the accepted wisdom is not so much economics as "manonomics" – men following their own rules, not recognising that the game has changed. The masculine imperative means that many CEOs are blind to their own failings.

Why Women Mean Business gives example after example of the price that we all pay for a situation in which "women may hold the keys but men still control the locks".

The authors are not saying that women are inherently "better", or that the future is female – simply that it is not all-male. Some powerful men agree with them. But is this tiny squadron enough to create a tipping point? What if their critics – often female – are correct in claiming that women are not at the top because they don't wish to be, or can't hack it?

Samuel DiPiazza Jr, CEO of the accountancy giant PriceWaterhouse-Coopers (PwC), says in the book: "Of our 8,000 partners worldwide, 15 per cent are women. We are white males . . . our objective is not 50-50. It's the best people. But that is closer to 50-50 than 85-15."

Since becoming "gender-bilingual" – or at least beginning to build up a different working vocabulary – PwC has achieved benefits. In 1998, only 40 per cent of employees returned after maternity leave. Now the return rate is 98 per cent.

According to Wittenberg-Cox and Maitland, this is no longer simply an issue about starting a family, and it concerns the future for men as well as for women. Some London businesses, for example, now offer work packages based on "preferential life-styles" or TMTLW (There's More To Life than Work).

In the 1990s Deloitte, the professional services firm, organised a two-day workshop on gender issues for 5,000 staff. It cost \$8 million (£4 million). Douglas McCracken, the CEO, said: "The message was out: don't make assumptions about what women do or don't want. Ask them."

The difficulty is that, at present, some women will say what they think is expected. The book gives examples of how a different approach could work. For instance, Vivienne Cox, BP's head of gas, power and renewables, was offered promotion in 1998 by Rodney Chase, the deputy chief executive. She declined. She was 39, had just had her first child and didn't want to work nights, weekends and holidays, or to travel all the time. Chase rejected her refusal, promoted her and told her to do the job on her own terms. Cox is now one of the top 25 businesswomen in Europe.

Schlumberger, the oilfield services provider, employs 2,000 female engineers, yet of its 32 top managers only two are women. Now, though, Jim Andrews, a senior executive, has instigated changes, including talking to every woman who hands in her resignation "to try to fix the underlying issues". Says Andrews: "It's about letting smart, ambitious people decide how best to work."

Do women in charge really make a difference? In 2004, a US study of the Fortune 500 indicated that those companies with the highest proportion of women in their senior teams outperformed those with the lowest proportion. A token woman isn't enough, though – it takes a critical mass of more than 30 per cent to instigate change and to "read" female customers more accurately.

A UK survey by Saatchi & Saatchi calculated that consumer electronics companies missed out on £600 million in 2007 by "failing to connect" with female customers. What those customers didn't want, it seems, was to be patronised with "a spa discount and a pink website".

According to the World Economic Forum, "no country in the world, no matter how advanced, has achieved true gender equality". So let's wait until it's a level playing-field before we decide whether women can hack it, or want power. In 2005 the Forum analysed women's educational, economic and political wellbeing around the world. For "economic opportunity", the UK came 41st. The top seven countries for women were Denmark, Norway, Hungary, the Czech Republic, Estonia and Latvia.

When you consider that Rwanda has a higher female representation in its parliament than does the UK (49 per cent to our 20 per cent), and that the Philippines has the highest percentage of women in management (56 per cent), the UK's backward slide looks even worse.

So, what acts as a catalyst? Public policy on such issues as childcare, parental leave and pay parity matters, say the authors. In France, two working parents is the norm, as are *trois enfants* and a family life not dependent on “quality time”. A year’s maternity leave and state-funded childcare from the age of 3 help. “Guilt is noticeably absent,” the authors write. “There is no talk of choosing between career and family.”

Quotas can also help. On Norwegian boards, for instance, 40 per cent of the directors must be female. “Why not?” says Wittenberg-Cox. “We’ve had centuries of positive discrimination in favour of men.”

The authors point out, though, that women can be their own worst enemies. To talk in generalised truths, a man will apply for a job when he is 60 per cent sure that he can do it, while a woman has to be 100 per cent sure. Men talk money, women don’t. Many men follow the 80/20 rule – do the job for 80 per cent of the time, and talk about how well you’ve done it for the remaining 20 per cent. Women expect their labour to speak for itself.

“We are at a fork in the road,” says Wittenberg-Cox. “I don’t think women will push hard enough, because after years of conditioning they still lack that sense of entitlement. So, will sufficient men of influence prod and pull them into power? That’s the crux of the issue.”

And who are the obvious candidates to become pullers and prod-ders? “Outsiders,” says Wittenberg-Cox. She contends that bosses who don’t belong to any established boys’ network, or who are influenced by feisty daughters, are better equipped to see women’s potential in wider and more helpful terms.

It seems a rum do, however, that women must wait for a cavalry of progressive male CEOs to ride to the rescue. Perhaps a younger generation of employees, interested in working in less hierarchical, nonlinear ways, with fathers as well as mothers taking career breaks for children, may expect different terms of engagement. *Why Women Mean Business* ends with a quote from Churchill: “Courage is what it takes to stand up and speak. Courage is also what it takes to sit down and listen.”

So, gentlemen, are you sitting comfortably? *Why Women Mean Business* by Avivah Wittenberg-Cox and Alison Maitland, Jossey-Bass, £16.99

Manonomics

Men following their own rules, not recognising that the game has changed

Gender-bilingualism

Companies learning the language and culture of women so that they can manage mixed teams more effectively, and respond better to their growing number of female customers.

Goldman Sachs Sponsors a New Directions Program for Women Returning to Finance

by *Erin Abrams*, filed under Returns

A few weeks ago, we ran a story about the Pace Law School New Directions program for lawyers returning to practice after taking some time off. It turns out that a similar program exists for women returning to careers in finance. Sponsored by Goldman Sachs, the program is also called New Directions. The Goldman Sachs program began in 2006, and the Pace Law School program was launched in May 2007. At The Glass Hammer, we are just pleased that such excellent opportunities for returners exist in both law and finance. Last week, we had a chance to sit down with Elana Weinstein, Vice President in the Office of Global Leadership and Diversity at Goldman Sachs, and discuss their New Directions program.

Goldman Sachs launched the "New Directions: The Next Step in your Career" program with a kickoff event in May 2006. Ms. Weinstein explained that Goldman Sachs developed the idea for the program based on the findings of the Hidden Brain Drain Taskforce, a group whose studies are sponsored by the company. The group was founded by Sylvia Ann Hewlett of the Center for Work/Life Policy, Princeton Professor Cornel West, and Carolyn Buck Luce. Hewlett wrote an influential book calling attention to the "brain drain" in the workplace caused when companies fail to optimize the work of women looking to off-ramp and on-ramp at different points in their careers.

Goldman was one of the first companies to sponsor the research of this task force, which later counted companies like Johnson & Johnson and GE among its supporters. Ms. Weinstein explained that, based on the task force's research, Goldman decided to "implement a program tapping into the on-ramp market, to capitalize on the talent of returners who had taken time off and wanted to return to the workforce."

The first New Directions event was a full day seminar in May 2006. The event was limited to 62 people, but the event planning team was impressed by the huge number of women who had expressed interest, and they compiled a waitlist of women eager to attend future events.

The kickoff New Directions event featured keynote speaker Myra Hart, Professor of Management Practice at Harvard Business School, whose research focuses on women on-ramping after taking time out from work. Experts from the Women @ Work Network gave a presentation called "While You Were Out," which focused on changes in the business environment over the last few years. Finally, a panel of Goldman Sachs women who had successfully on-ramped shared their advice on how to smoothly transition back into the workplace.

The event was so popular that Goldman organized follow up events in November 2006. The New Directions event in New York brought in 102 people, and the London event had space for 92, but many more people signed up for the waiting list. Most, but not all participants were women.

Asked about how Goldman recruited participants to the workshop, Ms. Weinstein explained that "the majority of women who attended didn't have a prior connection to Goldman Sachs. We tapped into our alumnae network, we partnered with Forte Foundation and the Financial Women's Association, and also partnered with business schools that have organized returner programs, such as Harvard Business School and Tuck at Dartmouth." While most of the candidates had prior experience in financial services, some did not, and were looking to make a major career change.

The Tuck Back in Business program and Harvard Business School help boost the New Directions program by bringing their candidates to informational interviews and networking events organized by Goldman Sachs for the purpose of attracting returners.

The most recent New Directions event took place on November 12, 2007 in New York. At this event, the sponsors focused on education and career preparation as opposed to recruitment of candidates. To that end, the workshop focused on teaching participants how to revise their resumes and confidently speak about the time they took off, and how they used that time productively. Many of the participants had taken time off to raise children, but also became leaders in community service organizations, took on pro bono projects or started their own businesses. The workshop focused on helping the candidates to tap into the skills that were useful and market them in an attractive way.

The popular "While You Were Out" segment covered recent developments in the industry and the "Career Coaching and Resume Tips" presentation offered practical advice for women reentering the job market. The participants were especially inspired by the panel of Goldman Sachs women who shared their stories about returning to the workplace after taking time off. Keynote speaker Monica McGrath, Ph.D., Executive Director of the Wharton School of Business Career Comeback program, offered some inspiring words to the would-be returners.

After the event, many of the 102 attendees went on to have exploratory interviews with Goldman Sachs, and some were placed initially at the firm, depending on the openings that were available. Not all of the women were ready to reenter the job market right after New Directions, but the majority of them stayed in contact with the Experienced Hire Diversity Recruiting team, which coordinates the program with the Office of Global Leadership and Diversity. At least 20 candidates have successfully on-boarded at Goldman Sachs or other financial institutions, and many more hope to on-ramp in the near future and continue to attend events.

Ms. Weinstein also explained that Goldman Sachs was piloting a new initiative called the New Directions Returnship Program.

"We identified a gap in returner programs," she explained. "Women wanted to come back full time but in a different space, not necessarily doing what they did when they left. But hiring managers were reluctant to place someone in a new role and make the transition. So, we developed the returnship program to address this need." Her department identified a handful of divisions at Goldman that were open to the new idea and brought returning women on board on a temporary basis to work on projects and make an assessment about whether they really want to do this type of job full time. If the returnship works out, the hiring manager then works with the candidate to try to convert their position into a full-time role. While the program is in its infancy now, it will expand by year end 2008.

The New Directions team noticed that the women who attended the November 2007 event were more interested in coming back full-time, whereas the women who had attended the 2006 events were generally looking for greater flexibility and a shorter work week. Ms. Weinstein pointed out that it is a misconception that most women want to come back part time, as many are ready to reenter the work-place in a full-time position.

Beyond New Directions, Goldman Sachs also offers a variety of programs to help its employees deal with work/life balance issues. Long known as a firm with generous benefits, including one of the best maternity and paternity leave policies on Wall Street, Goldman has also been a proponent of workplace flexibility initiatives. They offer "job-sharing," whereby two people work part time and share the responsibilities of one job. Usually, each person works 3 days a week and the pair has one day of overlap for coordinating duties.

On the money: Forget the macho stereotypes, says Hazel Davis. More and more women are going into the City

Hazel Davis

23 February 2008

The Guardian

The words "investment banking" and "women" seem to so often go in the same sentence as "compensation" and "stress". And often the most high-profile women in finance are the ones whose harassment cases have been splashed across the papers, or who have successfully sued their company for maternity leave.

But is investment banking really such a hostile place for a woman, or is it simply the media overreacting?

According to the 2008 What Do Graduates Do? report, published by the Higher Education Careers Services Unit (HecsU), 30% of 2006 graduates who entered a career in investment banking were women. Not as unhealthy as you might think, but still not representative of the working population. According to Esther Oxenbury, head of graduate recruitment at JP Morgan, one of the world's leading investment banks, "As an industry, investment banking struggles to get women through the door and this is something which we are working hard to improve."

Oxenbury believes that in some cases women can self-select themselves out of the recruitment process before fully investigating the options. "I think the business areas where we have some challenges attracting women are investment banking and the trading floor and these can be perceived as more male-dominated environments," she explains. "When they do come in, women are every bit as successful as their male counterparts but they need to have more self-belief at the application stage."

The reason, she says, could be a shortage of female role models: "It's a bit of a chicken-and-egg situation. What we try to do is get students into the environment and get them to experience it firsthand with the hope we can get rid of the stereotypes."

To that end, JP Morgan runs a number of events and schemes specifically designed to encourage more women into the sector.

In partnership with the European Women's Forum for the Economy and Society, the bank launched a Rising Talents programme in October. The programme aims to attract exceptional young women and create an international network of talented women from business, politics and academia. The bank also runs a Winning Women Campaign in UK universities, centred around a two-day event encouraging female students into the sector.

Shauravi Malik is an associate in leveraged finance at JP Morgan in London. She has worked there for the last four years, having joined on an internship. Through Winning Women, Malik has been involved in visiting potential recruits on campus, debunking a few myths. "Having networking events and mentoring programmes at work also helps to strengthen links between junior and senior women," says Malik. "It's important to have these role models and to keep encouraging women into banking."

Malik - who studied economics at Cambridge - already had links with the financial world through student organisations. "It just seemed like the career for me," she says. "I never encountered any sort of negativity towards going into banking. Here there is a really strong emphasis on hiring and retaining women and many of my female friends are also bankers."

Anastasia Fadeeva studied economics in Moscow, where she joined JP Morgan. Now based in London, Fadeeva is an analyst in the M&A advisory group. She says: "There are many independent and powerful women in Russia and there are many positive role models in banking. I think a number of banks in Moscow have women in high-level positions, including JP Morgan."

While Fadeeva has never encountered prejudice within her working life in the UK, she says that people do sometimes act surprised that she is an investment banker. "But it's a positive surprise, never negative."

Fadeeva's role varies, with no such thing as an average day. "I come to work between nine and 10, depending on what time I have worked until the night before. I might make presentations, make client calls,

have internal meetings or external meetings. I work on projects in different countries and industries and often get direct exposure to CEOs and CFOs of the companies I'm working with. I don't think there are many jobs that diverse."

Amalia Izzo is an investment banking associate for Citigroup in London, where she has worked for four years. She concedes: "Perhaps there are fewer women at senior level than junior level, but that surely comes down to priorities changing as women get older. I am lucky that Citibank doesn't force me to make difficult choices and puts great measures in place for women to combine work and family commitments." She adds: "I do think that women who work with emerging markets occasionally have problems because of the way females are treated in some other countries, but that certainly isn't the case in our culture. It's little more than a cliché that women can't do investment banking."

Hail Mary: Former Irish president Mary Robinson now chairs a club for female heads of state; and with their help, she hopes to change the world.

13 February 2008

The Guardian

Cynics might be tempted to see Mary Robinson as a fully paid-up member of a globetrotting elite of do-gooders: those NGO chiefs, emeritus professors and retired politicians of a liberal hue who fly around the world churning out carbon and hot air about poverty, sustainability and ethical globalisation. The popular former president of Ireland, recently anointed one of Nelson Mandela's 13 wise "elders", does sometimes slip into a kind of UN human rights-speak that is opaque to the rest of us. But Robinson also has a down-to-earth passion for helping ordinary families - and she has big ideas about the ways in which the current generation of female heads of state can put a new kind of women's leadership into practice. One figure particularly interests her: 40.

That is the number of current or recent women prime ministers and presidents around the world who Robinson says have joined, or soon will join, the Council of Women World Leaders, an international network founded in 1996 by Laura Liswood, a senior adviser at Goldman Sachs, and now chaired by Robinson. The figure is far higher than most people guess, and Robinson had an uncompromising message for the hundreds of women gathered to hear her deliver the inaugural Women of the Year Lecture in London this week: women in positions of power should be making more of an impact.

It is recent history, but it has almost been forgotten just how revolutionary it was when Robinson became the first woman president of Ireland in 1990. Powerful conservative forces were ranged against her, including the then prime minister, Charles Haughey, but Robinson became hugely popular during her seven years in power and remained defiantly political and radical - shaking hands with Gerry Adams, visiting the Queen in Downing Street, intervening, perhaps decisively, before Ireland's narrow referendum in favour of allowing divorce in 1995, while still managing to work constructively with the Catholic church.

As UN high commissioner for human rights from 1997 to 2002, Robinson tried hard to bring another institution closer to the people. Since then, she has brought her legal training to bear on a blizzard of worthy human rights and international development causes. Robinson and her husband, the political cartoonist Nick Robinson, now live in New York, and at 63 she could be enjoying a quiet retirement, but her life is one of constant meetings. However, she says she can switch off and enjoy seeing her three children and three grandchildren. She has her doctor father's ability to "totally holiday", she reckons. "When I am holidaying I really enjoy it. I have great fun and I love to be ridiculous."

Another commitment Robinson has taken on is as one of the Elders, a group of 13 global senior citizens including Nelson Mandela, Desmond Tutu, Kofi Annan and Jimmy Carter (plus a chair kept symbolically free for the detained Burmese opposition leader Aung San Suu Kyi) who hope to use their moral authority to intervene in crises around the world. She was sceptical about the Elders until they all met Mandela. "I wondered about the idea. Was it not a very arrogant concept? Then we had our planning meeting with Nelson Mandela, who I've met many times. He has such an incredible power of bringing out the best in people and from that moment on we knew our responsibility was in 'eldering'."

The word was invented by Tutu, whom Robinson clearly adores. He is full of wise words and so witty, she says. "He gets us to call him 'the Arch,'" she says, smiling.

Robinson sees typically "female" leadership qualities in some of the male Elders - Tutu and the economist Muhammad Yunus are two who come to mind - but wants high-profile women to push for a new style of women's leadership. "There are two types of women who get into high positions," she says. The first she describes as "very talented" women who do it in a traditional - male - way. Like Margaret Thatcher? "Yes, and fair dos: to get through is not always easy. A lot of women in business accept that model. But there is also the other model I would very strongly advocate and this is equal to the contribution of men but different, complementary, exciting and innovative."

On this approach, Robinson hopes to change her role as chair of Women Who Lead, as new invitees include the presidents of India and Argentina and the prime minister of Ukraine). She calls it an "enabling collective women's leadership". It's a horrible piece of jargon, which she explains as a coming together of women from politics but also from the worlds of charity, business and the arts in order to change lives. She argues this approach is fundamentally different from male leadership in terms of women's empathy, ability to work together and problem-solving skills. Traditionally, she says, women have been a bit defensive about exercising power but this has made them more reflective. "Women leaders are often more analytical and self-critical and more honest about it than their male counterparts. It's as if they are still asking the question 'Am I doing well enough?'" she says.

Most crucially, Robinson wants this women's leadership to be directed beyond the traditional fields of health and education. "We deal with health and education, and empower women and girls, but are actually not crunching on the key issue," she says. This fundamental issue is "security" and her mission is to reclaim the word and define it as most women would; not in relation to the war on terror but in terms of ordinary families; security, in other words, from poverty, climate change, abuse and discrimination. "It's hard to reorientate a world that is very focused on security, but actually not [tackling] it very cleverly," she says. The war on terror, she believes, has been "a disaster, not just for human rights but also for ideological divides, for squeezing out the moderates".

Critics might wonder what impact this rhetoric about women's leadership can have on the lives of a battered wife in Slough or a refugee in Somalia. As a global elder, Robinson may be able to command a bit of media attention, but how can this translate into changing people's lives? "When it comes to women's enabling collective leadership we are a bit on trial because it's new," says Robinson.

So she and a number of other women will test their leadership skills in the coming year by "intervening supportively" in Liberia, where president Ellen Johnson-Sirleaf became Africa's first elected female leader two years ago. The backing for Johnson-Sirleaf will be "very practical and we'll be able to measure outcomes," says Robinson.

She and other women leaders are "learning a very loose freewheeling idea of working together," she explains. Wouldn't she be better off fighting for women through existing democratic structures, which offer proper accountability and a formal authority to get things done? She points to the lack of impact women currently have using those channels. "Women are now present in critical mass. We are there politically, in business and at the community level; so why are we not having more influence? Maybe we're accelerating the process, trying to be the pioneering front that moves a bit faster," she says.

I wonder if this promotion of informal networks comes from the frustration born of years enduring the glacial pace of change in politics and the mega-bureaucracies of the UN. The Elders seem a good example of Robinson's preference for action outside politics. This year they are campaigning to remind everyone of the 60th anniversary of the Universal Declaration on Human Rights. "The Elders couldn't run anything at the moment. We haven't got our organisation together. So how do we mount a huge campaign? We have the power to ask. Because of the moral authority of Nelson Mandela and Graca Machel, nobody says no," she says.

But Robinson insists she has not given up on institutions. She would like to see the creation of a rapid response group of women leaders who could intervene quickly in places such as Somalia, where women are often on the frontline of suffering. "I'm not somebody who is an individual against institutions," she says. "When I was elected president of Ireland I was committed to reforming that institution so it was more relevant and closer to the people."

Her hope is that women in power will join her to link to the determination of women on the ground to bring about change. That determination is particularly evident in Africa, where, for example, half the MPs in the Rwandan parliament are women. "The passion, strength and power of women to make change at grassroots level is always underestimated," she says. "It was underestimated when I was president of Ireland. It's been underestimated all the time" *

BBC 'must encourage ethnic minorities'
By Nicole Martin, Digital and Media Correspondent

<http://www.telegraph.co.uk/news/main.jhtml?xml=/news/2008/02/13/ntv113.xml>

The BBC should take affirmative action to increase the number of people from ethnic minorities in senior roles, a member of its executive board has said.

Samir Shah, a non-executive director, said attempts by the BBC to employ black and Asian staff in top level positions had been "absolutely dire".

He was speaking in response to claims by the comedian Lenny Henry that television was still dominated by white faces.

Henry said barely nothing had changed since he joined the industry 30 years ago.

Mr Shah agreed with Henry that executives needed to be "bold" to address the shortage of ethnic minorities in senior roles.

"The BBC is the most significant player in British broadcasting ... and it needs to make a shift because its performance at senior management level is dire, absolutely dire," he said.

"Thirty years after Lenny came into the business, there is not one black person, not one Asian person good enough to be a [channel] controller. It is an outrage and I think Lenny's call for affirmative action is the least we can do.

"Some years ago the BBC had about 300 diversity initiatives, but it's the outcome that matters.

"We now need to put in place some serious enforcements if we are not to have another speech [like Lenny Henry's] in another 10 years."

Greg Dyke, the former BBC director general, attacked the corporation seven years ago for being "hideously white" and promised to make it more diverse.

However, recent figures show the BBC employed fewer senior managers from ethnic minority groups than it did four years ago.

Andrea Callender, the head of diversity at BBC, told its in-house magazine Ariel that the BBC was launching a three-year mentoring scheme for minority groups.

"The mentoring scheme will be no quick fix," she said. "But in three years I would expect participants to feel their careers had been enhanced and mentors to feel they had a wider pool of talent to draw on."

Giving ethnic minorities automatic preference over white candidates with the same qualifications is illegal in Britain.

However, the law allows employers to take some steps where there are perceived shortages of ethnic minorities in their workforces. For example, companies can offer training and mentoring to black and Asian staff.

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Opening Slide: - Cover Slide

- Congratulations on your exciting new assignments –
- The next year is going to be a very interesting one for all of you.
- Hopefully you realize the importance of your role on many, many dimensions.
- I am here today to make sure you come away with an appreciation of how important your role is from a career development standpoint. Specifically, from the standpoint of how your actions can significantly impact the career development of the women and other traditionally underrepresented groups of bankers in our division.
- I think most people are very proud to work at Goldman Sachs. In fact, 94% of those who responded to the firmwide survey a year or two ago indicated they were proud to work at the firm and that Goldman Sachs was overall a very good place to work.
- That same survey, however, indicated we have some serious progress to be made with regards to how we manage the careers of our people.
- 93% of the population rates career development as important or very important to them, but only 45% agree that the firm is meeting their expectations with regards to managing their careers.

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- For many people in your business units, the decisions you make and the actions you take over the next twelve months will have a meaningful impact on how they feel the firm is doing regarding managing their careers – to them you are the firm for the next year.
- One of the things that many of us like about the firm is that we view it as a meritocracy...where the best people generally get rewarded.
- One of the things that the survey pointed out is that a large part of the firm, in fact a majority of the firm viewed this culture of meritocracy as falling a little bit short.
- **Redacted**
-
- And for our women, the feelings must be the same as they view the limited number of women success stories to mean an inability of the firm to appreciate and value varying styles of getting the same job done – certainly not the results of a system based on meritocracy.

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- While our long-held views of the firm as a meritocracy ring true for many of us – for a lot of people – it sounds a little out of tune.
- The same issues are true closer to home in IBD. For example, our women score differently on our performance review system than men do.
- Go to performance distribution slide. This slide and the next slide were prepared for the recent female Associate Career Development Conference – as you can see the number of women who are able to score in the upper quintile of the review process does not represent the normal distribution we would expect to see. Does that really make sense? How much of this result is due to substantive differences in performance and how much is due to perceptions or style differences?
- There are also a couple of key categories that women on average score much lower on ...(go to Review Differences slide)
- For example, item number one on this slide, demonstrating a knowledge of finance and accounting and GS valuation techniques. This item represents the single largest difference between how male and female associates score in our review system. It is also the second most important item (or second highest scoring item) for those associates who fall into our top quintile based on performance review data. Does it make sense that the scoring falls out this way? Or is there something about the differences between how men and

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women communicate that creates the perception that there are differences in ability?

- Briefly, lets look at the statistical progress we have made with regards to increasing the number of female bankers in IBD over the last few years (go to stat slide). For most women in the division given their tenure, the progress has been hard to measure – not that many have the ten year perspective required to actually measure and notice progress. The picture is the same for our other traditionally underrepresented groups of bankers.
- If you're still not convinced how women or minorities might perceive that they have it a little more difficult than the rest of us....how many of you have witnessed the following situations (or worse...how many have said these things):
 1. A female VP posts a male PMD about a women's dinner. His response "How did the bitch session go?"
 2. A black associate's desk is in the same set of cubicles as assistants and administrators and she is routinely mistaken for an assistant by senior bankers.
 3. A senior female associate reports to a senior male VP that recently several women had left the division and that she was concerned. His response "Yeah, it's hard to have kids and work." None had left to have children.
 4. During a recruiting round up, two candidates are discussed back to back. Both candidates are reserved in the interviews. When discussing the male candidate, someone remarks, "Although he is reserved, he will grow into it. It might be cultural." When discussing the female candidate, someone remarks, "she is too quiet."
 5. An MD stops by a black associates desk to compliment him on the good work he has done, except that the associate has never worked with the VP (a common experience of being "mistaken" for another black banker.

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6. Pregnant VP gets consistently told by other more senior MD's that they heard "she is leaving." She had no intention of leaving at the time. Subsequent to the birth of her child, she remained as a full-time employee.
7. A Hispanic VP is told by an MD, "I didn't know you were Hispanic, you don't look Hispanic."
8. A woman MD and a more senior male MD colleague are having lunch at Becketts across the street to discuss a number of business issues at the woman MD's request. During lunch the male MD nervously indicates, "I wonder if people who see us will think we are having an affair?"
9. A Hispanic VP is routinely not invited to join colleagues attending sporting events together because they wrongly assume he only likes soccer.
10. Or the one that many of you probably witnessed in person -- the discussion that occurred during the winter conference BUL roundtable panel last year. While none of it was meant to sound exclusionary or make anyone feel that they were more on the outside than anyone else, the number of references to "buddies", "drinking buddies", "sports" and "frat pals" makes it easier to understand how someone who didn't grow up in that environment might find it more challenging than someone who did when it comes to forming those important informal bonds with senior people in the division.

I am sure that none of the people involved in these real-life situations had any idea they were making someone else feel like the playing field wasn't level – but they did. They absolutely did.

- *So...for the next few minutes I would like to focus on how you as the new BUM can make a difference in this regard. How you can do your part to help everyone feel like the meritocracy tune is a real one.*

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Slide Three: Part of your responsibilities

- There are in fact few people better situated than you to make a difference for those in your business unit.
- The first place you can make an impact is of course in the staffing area.

Staffing:

- Staffing is perhaps one of the most important ways you can make an impact. Staffing decisions, especially in the first two years, can play a critical role not only in someone's development but in the departments perception of their performance. The opportunity early on to work with the "key" leaders in your department or on the high profile transactions can have a lot to do with someone's early development and confidence. I would encourage you to be thoughtful about ensuring that a fair share of those opportunities go to the women and minorities in your group. As we all know we establish reputations very early here and they tend to stay with us regardless of how we change. Don't just leave these staffing decisions to chance – Don't assume that staffing is random and over a person's career it all equals out. The difference between male and female associate performance noted earlier are more the result of perception than anything else. Your attempts to be thoughtful and vigilant about staffing decisions can have a tremendous impact on how those perceptions develop.
- Don't make assumptions about what people are willing to work on, particularly women and minorities. For example, don't assume that

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because she is a woman she is not interested in working on that plum assignment that involves frequent travel to the west coast. Let her make that judgment.

- Also, ensure that there is a balance between deal staffing and extracurricular staffing (I.e. committees, and other leadership opportunities).
- Too much extracurricular staffing can result in the lack of skill development needed to make the step to VP later on. Too much deal staffing of the wrong kind can lead to lack of profile and visibility in the group and in the end diminished ownership by the group.
- Also, be cautious of people who because of their lack of technical skill set may prefer to drift towards a comfort zone where they can contribute, like spending a disproportionate amount of time on recruiting or mentoring at the exclusion of transactions where they can develop those skills.
- Lastly, Don't be afraid to push back on senior people who always request the same "guys" for their projects. Help the women and minorities of the group get that same exposure and reputation by spreading the assignments around and pushing back to ensure fairness....if you aren't doing it no one else will. And it does make a difference!

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➤ **Mentoring:**

Sharon Berdon will speak to you in a few minutes regarding the critical priority we are placing on mentoring. This is another area in which you will have a bigger impact than anyone one else in the division.

- While I won't go into detail here, being thoughtful about who you pair your junior bankers with can make a big difference, especially for women and minorities.

Because our formal mentoring program is intended primarily as a "bridge" until our bankers have established broader informal mentoring networks, and white men in our division can establish those informal relationships more easily than others, formal mentoring is of the highest value to our women and minorities. Therefore help ensure that they are being assigned the very best formal mentors.

- In doing this, don't assume that people have to be paired with someone just like them as their mentor. Women and minorities want to be mentored by people who are deemed to be successful bankers, regardless of their gender or ethnicity.
- Don't let mentoring die on the vine in your business unit under your watch.

➤ **Recruiting:**

- Take ownership of the recruiting process. Insert yourself and be involved in the interviewing and hiring decisions in your unit. It will jump start your knowledge and sense of ownership of your people.

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- Although the majority of the fulltime hiring is now done for this year Summer hiring is up next. More and more our summer hiring is a key determinant of what our full time hiring profile looks like. Therefore, making sure that your business unit is actively looking to include women and minorities in your group is a key responsibility of yours. If we don't get our diversity hiring done right for the summer program, there is no second chance for full-time.
- As the BUM, you will set the tone for how this is perceived in your business unit. Your attitude, the words you use in discussing candidates, whom you choose to champion, will send very loud signals to the rest of your department. It will be interpreted that you are representing the views of your BULs and other more senior leaders, even if you are not. So I would encourage you to use that voice loudly when representing your department in recruiting activities and with regard to female and minority candidates specifically.
- Also, we need to be doing a much better job recruiting, developing and nurturing our analyst population. They are a very important feeder channel to our full-time hiring profile, especially for women and minority analysts.
- Let me take this opportunity to clarify one important policy approach on this topic. We do not have a different standard for evaluating female or minority candidates. We want the best people. The most qualified candidates for every position. I hate it when I hear she is really strong for a diversity candidate. OR he is the best diversity candidate we have seen. In my opinion, the only time being a woman or minority makes a difference is in breaking a tie between two

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otherwise equally qualified candidates. If we take any other approach, we are sacrificing long-term progress on these issues for short term window dressing and we are doing a disservice to those women and minority bankers who succeeded by being excellent at what they do.

➤ **Feedback:**

- This is perhaps one of the most important areas for you to focus on. In your role you will privy to an enormous amount of feedback on the junior bankers. From their teams, from their colleagues, both informally and formally.
- You need to ensure that the feedback that comes to you gets to them. Either by encouraging the banker who provided the feedback to them to give it directly (which is the preferred method) or you need to give it to them. Don't just assume that they can wait for their year-end review for feedback. You are doing them a favor, believe me.
- I want to review some pointers for you to keep in mind as you give feedback.....next slide

➤ **Slide Four: Giving Feedback**

- The most important thing to remember in giving feedback is to be honest and direct. Sugar-coating feedback (which our culture often encourages) leads to misunderstanding the issue and therefore the issue persists.
- Do not be reluctant to give feedback to women and minorities. Fair, honest feedback is far more valuable to them and all bankers than no

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feedback. Don't assume that they will have a negative reaction to hearing feedback.

- When interpreting feedback I would caution you to be thoughtful as you sift between substantive issues and style issues, particularly surrounding communication. I strongly encourage you to read The Power of Talk article which will be distributed to you at the end of the day. It should be helpful to you in understanding some of the important differences between how men and women communicate so you can avoid making some mistakes in interpreting feedback.
- Your feedback needs to be specific and actionable. Telling someone that "you need to communicate better with the analysts on your teams" is not nearly as helpful to that person as "when you send a long list of to-dos by e-mail without following up to discuss the list and issues associated with it makes the analyst feel like an order-taker and that you are unapproachable."
- Not everybody likes to get constructive feedback. Often times they are surprised and upset at first. Help them understand the feedback (again by being direct and honest) and by using examples to help them move to acceptance.
- Seeking their input by making it a discussion rather than a decree can help them discover the issue for themselves as well...aiding in the understanding and recognition of the underlying issues. By listening, you may also hear that there is more to the story than what you've heard.

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- Then lastly, work with them to develop a plan to address the situation and follow up with them to mark their progress and make mid-course modifications if necessary. Don't just assume that your job is done once the message has been delivered.
- Here I will make an offer for my assistance to any of you in any situation you are in where you need to give feedback. We can talk it through together, I can help script you on how to handle it and develop a plan to follow up. Don't avoid giving feedback just because you are unsure how to handle it.
- So don't hesitate to call me

Slide Five: Make a Difference:

- Lastly, while I it would be great if everyone in the division took these issues as their responsibility, you as the business unit manager don't have the choice, you are actually specifically accountable for doing it.
- One of the ways we are going to measure that is through a series of Career development reviews to be held in the spring with every business unit.
- In these reviews we will sit down with your BULs and review the top performers in each business unit as well as all of the women and minorities. We, together with the region heads will be specifically looking at some of the issues we have discussed today as well as at individual banker performance issues – both positive and negative. Your role over this year will have a direct impact on the content of

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those meetings and how your BUL fairs in that process. You will also no doubt be involved in helping your BUL prepare for these meetings.

- So, hopefully it is clear that you have an important stake in the career development game. You play a very critical role that can and hopefully will leave a positive impression on your business unit when your job is done.
- Your example, will set the tone. While you may not necessarily feel as senior your role suggests, you are now part of the leadership. That means that other bankers in your business unit will be looking to you for cues about what is appropriate and what is not – so be careful of the little things, like who you go to lunch with – make it balanced so everyone sees you being inclusive and accessible, and not playing favorites. You no longer have the luxury of lunching only with the buddies in your class you have lunched with for the last three years.
- You also have the right and the obligation as part of leadership to be an advocate and voice for those in your group. Don't be bashful about using that right. In many cases you will have the most complete and clearest picture on people in your department.
- Remember, leadership by example is the most effective kind. I hope you make that your goal with regards to career development and diversity in your business unit. I look forward to working with each of you and seeing you each make your mark on your business unit this year.
- Thanks – questions????



World Wide Associate Orientation

Client Service at Goldman Sachs



World Wide Associate Orientation

Our Business Principles:

- 1. Our clients' interests always come first.
Our experience shows that if we serve our
clients well, our own success will follow.**



World Wide Associate Orientation

**While the client's interest always comes first,
the client isn't always right...**

- **Inadvisable Trades**
- **Inappropriate Transactions**
- **Entertainment Policies**



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World Wide Associate Orientation

The Policy on Gifts

- **Limit for giving *or* receiving: \$100 per person per year**
- **Restricted Recipients:**
 - **Government officials, US banking employees, employees of exchanges**
- **Role of Designated Approvers**



World Wide Associate Orientation

The Policy on Entertainment

- **\$150 per person per event unless prior approval received**
- **GS employee must attend with client**
- **Inappropriate entertainment**
- **Regional rules**



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World Wide Associate Orientation

Top Ten Tips for Dealing with Clients

- 1. Make the call**
- 2. Listen**
- 3. Ask questions**
- 4. Be prompt and responsive**
- 5. Spend face-time with clients**



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World Wide Associate Orientation

Client Service at Goldman Sachs

Notes Summary:

Slide 1: ' Balanced business between client and proprietary trading is a distinctive GS hallmark

Cannot over-emphasize value of franchise

Our History: Sears, Ford, Intel, Yahoo, EBay, BP, Deutsche Telecom, China Mobile, Baidu

Critical to brand & position in market

League tables

Hand-in-hand with ability to do proprietary trades

Jim Collins - management guru - authored Good to Great about servicing clients as the single element that differentiates outstanding companies

Poll audience on former experience being a client vs. serving a client

Presentation delivered on Aug. 10, 2005 at 30 Hudson'

Slide 2: ' Gus Levy - 'Long Term Greedy rather than Short Term Greedy '

The goal is to have clients for a very long time'

Notes Summary:

Slide 3: 'Inadvisable Trades:

Risk Orientation

Overly concentrated investment portfolio

Too large a position in a single long dated, leveraged structure (despite the fact that doing so would mean big profits to us) even if they claim to understand risk

Merger with currency implication. Desire to do forward rather than option

What it sounds like from client: "I know what I'm doing"

INSERT: "Orange County Case"

(<http://www.gsm.uci.edu/~jorion/oc/case.html>)

"In December 1994, Orange County stunned the markets by announcing that its investment pool has suffered a loss of \$1.6 billion. This was the largest loss ever recorded by a local government investment pool, and led to the bankruptcy of the county shortly thereafter"

"This loss was the result of unsupervised investment activity of Bob Citron, the County Treasurer, who was entrusted with a \$7.5 billion portfolio belonging to county schools, cities, special districts and the county itself. In times of fiscal restraints, Citron was viewed as a wizard who

Notes Summary:

could painlessly deliver greater returns to investors."

"Citron was able to increase returns on the pool by investing in derivatives securities and leveraging the portfolio to the hilt." '

Notes Summary:

Slide 4: 'Inadvisable Trades: (cont.)

"The investment strategy worked excellently until 1994, when the Fed started a series of interest rate hikes that caused severe losses to the pool. Initially, this was announced as a "paper" loss. Shortly thereafter, the county declared bankruptcy."

"It is unlikely that the \$1.6 billion loss will ever be recovered. So far, the county has settled a \$2 billion lawsuit against Merrill Lynch, its principle broker, for \$437 million."

Probe: best opportunity to show respect/learn client perspective

Advice to get counsel from senior people as jr. people can be taken advantage of in efforts to please

May do trade anyway - issue is where to draw the line

Orange County Conclusion:

In April 1995, Bob Citron pled guilty to 6 felony counts of misleading investors & spent time in jail. At his trial, his defense was "I didn't know what I was doing."

The GS perspective: Winkelman said "no" - currently serves

Notes Summary:

on Board of Overseers at Wharton and has endowed a chair in Ethics

,

Notes Summary:

Slide 5: 'Inappropriate Transactions:

Violation of principles/regulations

Financial "Shenanigans" done to:

- misrepresent financial results
- evade taxes
- money laundering (usually happens at end of fiscal periods)
- Transactions include:
 - wash trades that involve no risk
 - financing rolls done away from market price
 - moving positions/trades to different sub-accounts within clients
 - third party payments

What it sounds like from client: "Just this one time"; "My prior coverage did it for me"; "Other dealers do it"

Always have firm response ☐ NO

,

Notes Summary:

Slide 6: 'Entertainment:

INSERT: "GS: The Policy of Gifts and Entertainment" May 2, 2005

"The firm competes for and earns its business and its reputation through the quality of the service and expertise it provides, not by gifts, lavish entertainment, and the like. The provision or exchange of gifts or lavish entertainment can result in a violation of laws, rules, and regulations of various jurisdictions in which the firm operates"

,

Notes Summary:

Slide 7: ' Let's start with appropriate entertainment

Guidelines on entertainment □ biggest risk to going over budget at dinner is the wine list - never ask the client to select the wine

\$ limit

INSERT: The Asian Wall St. Journal: "Wall Streeter's Bachelor Party Draw Attention" Tuesday, July 19, 2005

"Even by Wall Street's over-the-top standards, the March 2003 bachelor party for Thomas Bruderman, a onetime star trader for Fidelity Investments, was an event to remember."

"The festivities began with a trip by private jet from Boston to a small airport outside NYC. There, the revelers picked up some Wall St. traders and at least two women who investigators suspect may have been paid for their attendance, say people familiar with the matter. The partygoers - including groom-to-be, who was getting ready to marry the daughter of former Tyco Int'l. Ltd. Boss L. Dennis Kozlowski - then continued to trendy South Beach in Miami. The fun included a stay at the ritzy Delano Hotel for some, a yacht cruise and entertainment by at least one dwarf was hired for the occasion."

Notes Summary:

"So far, at least three firms have been embroiled in the investigation. Jefferies Group Inc. paid for the plane, SG Cowen & Co. paid for the yacht, and Lazard Capital Markets paid for some of the hotel rooms." '

Notes Summary:

Slide 8: 'The Asian Wall St. Journal: "Wall Streeter's Bachelor Party Draw Attention" Tuesday, July 19, 2005 (cont.)
"Last December, Fidelity disciplined 14 employees, including Mr. DeSano, related to its internal investigation of gifts and gratuities. Five, including Mr. Bruderman, have left the firm in connection with violations of its internal code of ethics. Mr. DeSano, 44 years old, was fined \$50,000 for, among other things, failing to supervise his employees in connection to the entertainment they accepted."

GS attendance: Company rep must be there - otherwise, the tickets are a gift

If you can't attend, find replacement -
What it sounds like from the client: "My son and I would really love to see the Red Sox play the Yankees..." implying he would rather not have you there.

Inappropriate Entertainment

INSERT: "GS Inappropriate Entertainment Policy"

"The firm expects employees to use good judgment in

Notes Summary:

planning all business entertainment. You may not entertain for business purposes in a manner which might injure the firm's reputation, conflict with its policies (including non-discrimination policies), or reflect poorly on the firm as a welcoming and non-exclusionary workplace for all employees..."

Notes Summary:

Slide 9: "GS Inappropriate Entertainment Policy" (cont.)

"... Consequently, you may not entertain colleagues or clients for business purposes (1) at establishments which restrict use of their facilities on the basis of race, gender, religion or other similar inappropriate factors; or (2) with sexually oriented entertainment, such as entertainment at topless bars or lap-dancing bars. You are not permitted to use your corporate American Express card for any entertainment (even if purely personal) at such an establishment or submit any expenses related to such an establishment for reimbursement."

What it sounds like from client::

Dropping hints by saying that our competitors have taken them to strip clubs; "What are we doing after dinner?"

Your response: Active - "It's not in our guidelines"; "We don't do that sort of thing"

or

Passive - ignore the request

Unacceptable behavior/remarks by Clients; particularly regarding co-workers

This type of remark will always take you by surprise, so it

Notes Summary:

is best to have a response prepared that can either deflect the question or give you time to think through you reply: i.e. "I'm sorry, I don't think I heard you correctly. Can you repeat that?"

Regional Rules: Some differences outside NY - check w/ local compliance

Conclusion: (from Aki Asuke - Chairman of GS Tokyo)

"If a client is doing something against our ethics, we need to advise them not to do so. This is acting in the client's interests. To always say 'yes' is not providing good advise, a real advisor says 'no'."

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Notes Summary:

Slide 10: 'Make the Call:

Associates ponder too much; Ex: ideas not smart enough; someone else should make the call; don't want to waste client's time

Don't focus on what you don't know - others don't know more than you

Don't over-engineer the approach

Clients want to hear from you more than you think

You need to make contact before you can develop a relationship

Listen:

80/20 rule: need to reverse the normal order, should be 80% listening, 20% speaking

Over-anxious to prove yourself or demonstrate how smart you are

Too nervous about "silence"

What most salespeople rate themselves lowest on is their listening skills

Ask Questions:

Notes Summary:

Need to know what client needs - won't get this if you spend 80% of the time pitching

Do your homework - impress with respect you show in preparation

Should ask a question in every conversation - even if "what do you think of this idea?"

Q & A is payback for making call - you don't know if you don't ask

"If you don't ask, you're only guessing" □ opportunity to get smarter; be bold
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Notes Summary:

Slide 11: 'Be Prompt & Responsive:

When you don't know an answer, admit it - never make it up.

Promise to find out and do it

Speed is important - it shows respect and hunger

Accuracy is critical

Take time to do the little things - ex: from IBD (fixed rates, yield curves, questions on economy) 15 minutes spent here will pay off

Must respond even when we cannot do what the client wants or if response was negative - no news is not good news

Spend face time with Clients:

Make the time - don't be too busy for dinner; follow-up mtg. with lunch

Find way to see them in their office □ if it's a dinner mtg. ask to pick-up client in office

Meet co-workers/boss

Understand environment

Learn about family, hobbies, etc.

Info about competitors (i.e: the Morgan Stanley mouse pad)

Leverage GS training opportunities for clients

Notes Summary:

Learn to play golf! '

Notes Summary:

Slide 12: 'Make your client like you:

People do business with people they like

You want them to take your call when they are too busy to talk

Make it personal:

- Remember birthdays, kids/spouses
name, hobbies
- Send magazine articles, books of
interest

Emotional intelligence - adapt your style to your client; the
same approach will not work with everyone

Develop credibility & trust:

Given the agency/principal nature of our business - conflicts
arise

Be straightforward

If we are a principal on a transaction, let client know what
our interest is and convey the fact that when we deal with

them on an agency basis we understand what their interest is

When confronting the tough trade or difficult execution - or

mistake. Be proactive to acknowledge what happened; apologize
when appropriate; agree how to move forward

Notes Summary:

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Notes Summary:

Slide 13: 'Deliver the Firm:

You hear about teamwork at GS - this is your opportunity to make it pay

Truly differentiating feature of our firm relative to competition

INSERT: GS 2004 Annual Report: "Texas Genco - Using the capital markets to grow in the energy markets"

"Capital: Goldman Sachs underwrote over \$3.6 billion of capital for this transaction in both the leveraged loan and high-yield markets. Goldman Sachs' integrated approach to this transaction combined our commodities expertise and industry knowledge, which enabled the investor group to combine committed financing with a commodity hedge in order to take advantage of the risk profiles of both the commodities and financing markets. The commodity hedge and Texas Genco's forward sale program resulted in strong cash flow generation and deleveraging which facilitated a precedent-setting financing that achieved one of the most attractive pricings in recent history for a leveraged buyout."

Henry Kravis of KKR attended recent IBD conference & Steve

Notes Summary:

Schwartzman of Blackstone attended PMD meeting - each were extremely complimentary about our unique ability to deliver a Texas Genco type of transaction

Tierra del Fuego - example of leveraging distressed assets for corporate citizenship purposes

On a more granular level, you can differentiate yourself by leveraging activities

Product offerings of other divisions

Washington office

Senior leadership

Client training opportunities

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Notes Summary:

Slide 14: 'Be Confident in your product:

As a rule - we don't take enough risk with clients

Have enough confidence in yourself, your product, your relationships to ask to be rewarded for what you delivered

We underestimate the power of our brand - we do not lead league tables because we are the low cost provider

Understand your ability to influence a situation and be widely informed - information is powerful

Goal is transform yourself from "service provider" to "mutual benefit"

The key to driving profitability and value generation for the firm

Put yourself in Client's Shoes:

Know their issues (do homework)

What are they thinking?

What would you do if you were them - advise accordingly

Client's suspect you if all you do is "pitch" - need to demonstrate that you are speaking from their perspective

What does the client need to be successful? □ focus resources accordingly

Notes Summary:

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Slide 15: ' Put yourself in Client's shoes (cont.)

What is your client feeling? Know both joy & pain

"Feel their pain" = be empathetic

How does your client feel about MBAs?

How does your client feel about Investment bankers?

Typically a successful group - understand client reactions to this

Incorporate Hank Paulson's story of taking 'modest' cars to client meetings '

Notes Summary:

Slide 16: 'Conclusion:

These lessons apply to everyone - even with internal clients

It's about stewardship - these are the firm's clients and your job is to leave the relationships in better shape than you found them

Work Hard

Work Fair

Get help when needed

Be Bold

Enjoy your new relationships

Good luck!

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To: Hunt, Edith[edith.hunt@ny.email.gs.com]; Sotolongo, Sergio[sergio.sotolongo@ny.email.gs.com]
Cc: Kang, Linda[ltkang@am.ibd.gs.com]; Campbell, Carolina[Carolina.Campbell@ny.email.gs.com]
From: Campbell, Carolina
Sent: Mon 12/8/2003 2:15:05 PM
Importance: High
Subject: Topics for tonight's Associate Panel
MAIL_RECEIVED: Mon 12/8/2003 2:15:05 PM

Edie/Serge -

Wanted to send you a reminder on the topics that were discussed at last week's Associate panel. We anticipate using the same questions tonight (Monday, December 8th) The moderators will be a combination of either Linda Kang, Holly Coleman, Patti Castaneda or myself. We look forward to a panel just as productive and interesting as last week's!

Thanks in advance, let us know if you have any questions.

****Also, please note that the location of the panel has changed. It will take place at 1NYP 43rd floor Auditorium at 4pm today****

Carolina and Linda

Topics for Discussion

Compensation - could you please talk about whether pay for women and men is thought to be equal and fair, and what checks & balances we have in place to be certain that there is integrity to the comp process?

Promotions - could you explain to us how the process works, particularly from Associate to VP?

Career Mobility/Transfers - A) How is asking for a transfer (to Chicago, Boston, and Tokyo) looked upon? How should it be handled? What should you do differently if your desire to transfer is prompted by personal issues? Can/should you expect to negotiate for **COLA** and other overseas perks?

B) Sometimes, women might be overlooked for transfers to other offices or perhaps to more demanding jobs because managers feel they would have personal complications (kids, husband who doesn't want to leave his own job) making it difficult for them to accept. How can we make managers aware that they would not be doing us a favor by not giving us the opportunity? Or perhaps better put, is it important to throw your hat in the ring prior to any specific opportunities?

Younger Working Moms - could you please comment on maternity issues (such as maternity leave & perception of working mothers) and how they might impact career and promotions? Also, can you please comment on how maternity leave might impact compensation?

Associates/Analysts - There is a feeling that managers prefer analysts to associates. Additionally, the responsibilities of an analyst and associate on the desk are not always well-differentiated. As a result, there is sometimes tension between new associates and analysts on the desk. This might also lead some Associates to feel it is dangerous to ask too many

questions in their quest to differentiate themselves from analysts. The associates also might perceive that VPs seem less inclined to help them (vs their analyst colleagues). Can you comment on the divisions view of the associate role as a valued position? Also, please comment on how an associate might take the leadership role in differentiating herself from her analyst colleagues and reducing the tension that might arise.



Americas Diversity Committee Meeting

Meritocracy and Gender at Goldman Sachs

Meritocracy (mĕr'ĭ-tōk'rə-sē) 1. A system in which advancement is based on individual ability or achievement

- **FACT:** The firm has a number of rigorous processes in place to ensure that performance evaluations, opportunities and compensation are equitably handled between genders (e.g., CDCs, Comparative Comp and Quartiling, etc.)
- **REALITY:** The underlying assessment of individuals that feed into the firm's processes are colored and impacted by gender differences (e.g., communication styles, behavioral norms, access to informal networks, etc.)

Unwritten Rules of GS	Modus Operandi for Some GS Women	Assessment of Those Women	U N I T E D I M P A C T	Perceived Reality of "GS Women"
<ul style="list-style-type: none"> ■ Have a Point of View and Share It 	<ul style="list-style-type: none"> ■ Defer to Authority <ul style="list-style-type: none"> — Perceive themselves as too junior to have a "valid" perspective. ■ Maintain Credibility by Only Speaking When 100% Correct <ul style="list-style-type: none"> — Hesitant to share a particular point of view unless they are certain of the answer and how it will be received. 	<ul style="list-style-type: none"> ■ Too Quiet <ul style="list-style-type: none"> — Undermine their credibility with senior leaders with their silence ■ Do Not "Take a Seat at the Table" ■ Do Not Display "Leadership" Qualities 		
<ul style="list-style-type: none"> ■ Self Promotion, or "Posting", is a Critical Element to Career Management 	<ul style="list-style-type: none"> ■ Eschew Self Promotion for "Putting Head Down and Working Hard" ^(a) View self promotion as a negative attribute, akin to "boasting", and are not inclined to engage in this activity. 	<ul style="list-style-type: none"> ■ "Invisible" / Not on the "Radar Screen" ■ "Contributions" are Fewer Relative to Male Peers 		
<ul style="list-style-type: none"> ■ Visibility and Sponsorship are Important to One's Advancement 	<ul style="list-style-type: none"> ■ Rely Too Heavily on Insular Networks <ul style="list-style-type: none"> — Limited view of stakeholders and may not perceive that they have access to influential informal networks. ■ Unable to Crack Male Informal Networks 	<ul style="list-style-type: none"> ■ No One "Knows" Them <ul style="list-style-type: none"> — Unwilling to "pound the table" for them 		
<ul style="list-style-type: none"> ■ Those Who "Ask", Receive 	<ul style="list-style-type: none"> ■ Expectation that "Hard Work" Will be Rewarded <ul style="list-style-type: none"> — Uncomfortable asking for opportunities, assignments and compensation. 	<ul style="list-style-type: none"> ■ If She Wanted Something, She Would Have Asked For It 		<ul style="list-style-type: none"> ■ Hard work is not acknowledged and rewarded ■ Promotion is based on who you know and who knows you ■ The playing field is not level ■ No one cares about / values them ■ Advancement is not based on individual ability

(a) Double edge sword exists. Women who self promote are often times criticized and characterized as having "sharp elbows" and being "too aggressive"



Americas Diversity Committee Meeting

Meritocracy and Gender at Goldman Sachs

What Can We Do to Change the Perceptions of "GS Women"?

What Does the ADC Want to Champion?

- Divisional "Transparency" Townhalls for VPs
- Dissemination of Manager Best Practice Tips
- Diversity & Inclusion "Meritocracy" Course for Managers
- Leadership & Management Course on Effective Self Promotion
- "Best Advice I Ever Got" Article on Importance of Self Promotion / Posting
- Other Ideas?

1. **Get the Word Out and Publicize Key Processes that Promote Equitable Treatment (i.e., Comparative Comp and Quartiling Process)**
 2. **Develop Formal Vehicles that Complement Informal Networks and Provide Access for Women to Cultivate Key Relationships (i.e., MD Women Dinner Series)**
 3. **Demystify Promotion and Compensation Processes**
 - Address topics in public forums (e.g., leadership conferences)
 - Hold "brown bag" lunches to discuss key processes and highlight best practices for individual career management
 - Establish key responsibilities for the individual (i.e., it is up to you to "ask" for what you want)
 4. **Shed More Light on the "Unwritten Rules"**
 - In performance reviews, provide specific, direct feedback on areas for improvement
 - Leverage mentoring and coaching opportunities to provide greater insight into relative peer performance to establish the right context under which feedback should be viewed
 5. **Create Opportunities for Women to Build Core Career Management Skill Set**
 - Have senior leaders sponsor sessions on self promotion
 6. **Have Responsibilities to Get to Know Your People (i.e., it's a two-way street)**
-

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From: Fox, Linda
Sent: Sun 9/7/2008 9:27:38 PM
Importance: Normal
Subject: Follow-up to FirmCom

Jeff Schroeder asked that I reach out to all of you to convey the message below. Please feel free to cascade this message as you see fit.

As managers within your divisions begin assigning performance quartiles and flagging the "at risk" population, we ask that you please remind them that the firm's leadership expects to see a distribution that is proportionally fair across all titles/levels. For example, the "at risk" lists should include 10% of their MD's, VP's, etc.

In addition, we would ask you to please communicate to managers that they should pay very careful attention to make sure that the quartiles assigned to women and historically underrepresented groups are fair and accurate. If you find, as you review the quartile and "at risk" data, that members of these groups are disproportionately represented in the bottom quartile/decile or "at risk" population, please contact your Employee Relations representative for advice.



2003 People Survey

Firmwide Executive Summary

A total of 12,121 people participated in the survey for a firmwide response rate of 71% (compared to a response rate of 57% for the 2001 People Survey). The margin of error is +/- 1%. The purpose of this summary is to provide a review of significant findings. The summary is organized into three sections: 1) Positive Findings; 2) Areas of Concern; and 3) Recommendations. This summary is based primarily on the survey's quantitative results, however, major themes in the written comments are taken into account.

I. POSITIVE FINDINGS

1. People overwhelmingly feel pride in Goldman Sachs.

In light of all of the challenges the Firm has faced over the last couple of years, it is encouraging that the vast majority of Firm members still feel pride in Goldman Sachs. The following survey results illustrate:

- The highest rated "Key Workplace Attribute" is "Firm Reputation." (86% favorable, **-8***)
- Ratings on this attribute are 80% or greater across every division, region, and title.
- The item with the second-highest rating is: "I am proud to work at Goldman Sachs." (87% favorable, **-6**)

In addition to these ratings being strong across the Firm, ratings on "Firm Reputation" are equally strong among males and females at 87%/86% favorable respectively. These survey results clearly indicate that Goldman Sachs continues to have a "strong culture." However, the negative trend on firm reputation and pride to work at GS since 2001, may be indicators of "culture erosion." Potential contributions to this regression are provided in this summary under "Areas of Concern."

2. The Firm's "client focus" remains strong.

This theme is strongly related to the previous theme, in that unparalleled client service is in large part the foundation of the firm's reputation and at the core of the GS business principles. Survey results clearly indicate that people are proud of how well they serve clients, which in turn drives their pride in Goldman Sachs. The following survey results illustrate:

- The second highest rated "Key Workplace Attribute" is "Servicing Clients' Needs." (84% favorable, +2)

*Throughout this document, "+(number)" indicates that the percent favorable rating on that item improved by that number of percentage points since the 2001 People Survey, and "-(number)" indicates that the percent favorable rating on that item regressed by that number of percentage points since the 2001 People Survey. Bold means the change from 2001 is meaningful and noteworthy.

**Category results comprise responses from survey questions organized into themes. These results are derived by calculating the average ratings for all items assigned to the given category.

***Benchmark norm includes 2002 data from the following financial services companies: American Express, AXA, Citigroup, Fleet, John Hancock Financial Services, JP Morgan Chase, Lehman Brothers, Merrill Lynch, Prudential Financial, UBS Warburg



- Ratings on this attribute are 74% or greater across every division, region, and title.
- The item with the highest rating is: "People in my work team provide exceptional service to our clients." (88% favorable)

The written comments in this area, are mixed. On one hand, one of the top themes in response to the question on "positive actions" taken in the last year is that many people perceive a "greater client focus." Such comments point to improvements in technology and re-organizations, among other things, as changes that allow people to better serve clients. On the other hand, there are also many comments on problems that seem to preclude quality client service (e.g., understaffing). On balance, though, client service is still a major strength of the Firm.

3. Leaders/managers generally are seen as respectful, fair and approachable.

Often, during lean times, one of the first things that gets sacrificed is managers' openness and approachability. Remarkably, this continues to be a strength of Firm leaders despite the challenges of this environment, and managers are actually seen as improving in these areas. The following items illustrate:

- My manager is accessible. (85% favorable, **+14**)
- My manager treats people with respect and dignity. (82% favorable)
- My manager treats people fairly. (79% favorable, **+5**)
- My manager is considerate of my personal and/or family needs. (79% favorable)

The first item listed above has the second most improved percent favorable rating in the survey. In addition, the last item listed above is one of the top five drivers of satisfaction/commitment, meaning that people who perceive their managers as considerate of personal and/or family needs also tend to be highly satisfied/committed to the Firm.

Of course, behaviors like being accessible and considerate of people's personal needs are *passive* ways of showing people that leaders care. While such behaviors are extremely important, it should also be noted that people didn't rate their managers nearly as favorably in other, more *active* behaviors (such as providing coaching, feedback, and mentoring). Nonetheless, managers across the firm deserve credit for being "available" and supportive toward their people.

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**Category results comprise responses from survey questions organized into themes. These results are derived by calculating the average ratings for all items assigned to the given category.

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4. People are relatively satisfied with their actual work.

The significant theme in the written comments (in response to the “positive actions taken” question) is “new/expanded roles and responsibilities.” This is the most prominent theme for VP/EDs **Redacted** and among the top five themes for Associates **Redacted**. The message from these comments is: “Due to organizational changes, I now have a much bigger, more challenging job, and I am finding it more enjoyable than my old job, as well as a good developmental opportunity.”

Of course, many other people are disillusioned over what they consider excessive workloads, bureaucracy, and other job-related problems, but the fact is that many Firm members find their work quite rewarding. These comments are consistent with the survey’s quantitative results, which indicate that people are relatively satisfied with their work:

- The firmwide rating in the survey category** “The Job Itself” is 75% favorable.
- Ratings in this category are 75% favorable or greater in 6 out of 12 divisions.
- Ratings in “The Job Itself” category are 74% favorable or greater at every title.

In addition, three of the ten highest rated items deal with people’s actual jobs and teams, including:

- I understand how my day-to-day activities fit into my business unit/department strategy. (88% favorable)
- People work collaboratively within my work team. (85% favorable)
- I am encouraged to find new and better ways of doing things. (78% favorable)

Moreover, the following two items not only received fairly strong ratings, they are also two of the six items with percent favorable ratings that improved significantly from the 2001:

- I am empowered to make decisions in my job. (75% favorable, **+4**)
- I am able to influence business decisions in my work team. (73% favorable, **+5**)

Finally, one job-related item is among the top five drivers of satisfaction/commitment: “My job makes good use of my skills and abilities” (71% favorable). In short, people seem to understand the importance of their jobs, they claim to be able to work effectively, and they increasingly feel empowered to make decisions. This results in a high level of job satisfaction, which in turn helps to drive overall commitment to the Firm.

5. Overall satisfaction/commitment remains strong.

Perhaps the most important finding is that, despite some clear “areas of concern,” satisfaction/commitment overall remains quite strong. The following survey results illustrate:

³ Throughout this document, “+(number)” indicates that the percent favorable rating on that item improved by that number of percentage points since the 2001 People Survey, and “-(number)” indicates that the percent favorable rating on that item regressed by that number of percentage points since the 2001 People Survey. Bold means the change from 2001 is meaningful and noteworthy.

**Category results comprise responses from survey questions organized into themes. These results are derived by calculating the average ratings for all items assigned to the given category.

***Benchmark norm includes 2002 data from the following financial services companies: American Express, AXA, Citigroup, Fleet, John Hancock Financial Services, JP Morgan Chase, Lehman Brothers, Merrill Lynch, Prudential Financial, UBS Warburg



- The firmwide rating in the "Satisfaction/Commitment to the Firm" category is 75% favorable.
- Ratings in this category are 75% favorable or greater in 8 out of 12 divisions.
- Ratings in this category are 75% favorable or greater in all 4 regions, and for every title except VP/ED. (74% favorable)
- One of the ten highest-rated items is: "Considering everything, how satisfied are you with Goldman Sachs as a place to work?" (78% favorable)

The item immediately above is one of six items from this year's survey for which comparisons to external benchmark norms*** are available. It is noteworthy that the 2002 external benchmark norm on that item is 66% favorable, 12 points below the Goldman Sachs rating. Further, it is noteworthy that males and females within the Firm seem to be almost equally satisfied with and committed to Goldman Sachs, despite the fact that males are significantly more satisfied than females on a number of specific items (something that is addressed later in this summary). The percent favorable rating in the "Satisfaction/Commitment" category among males is 76%, and among females it is a very comparable 74%.

Redacted

II. AREAS OF CONCERN

1. Many people question their opportunities for advancement.

It was noted earlier that a positive side effect of some of the difficult changes the Firm has gone through over the last couple of years (especially downsizing) has been that many people have been provided with new challenges and responsibilities. At the same time, such changes have created what is seen as an environment of scarcity when it comes to career advancement opportunities. "Career Advancement" was identified in the 2001 People Survey results as an area for improvement, and the rating on this workplace attribute has regressed significantly since then (33% favorable, **-14**) both in absolute and relative terms.

In addition, there is widespread skepticism as to the fairness of the criteria used in determining who will be considered for advancement opportunities. To illustrate, the lowest rated survey category is Meritocracy (51%). The following items clarify further:

- My chances for advancement are as good as others with similar qualifications. (60% favorable)

⁴ Throughout this document, "+(number)" indicates that the percent favorable rating on that item improved by that number of percentage points since the 2001 People Survey, and "-(number)" indicates that the percent favorable rating on that item regressed by that number of percentage points since the 2001 People Survey. Bold means the change from 2001 is meaningful and noteworthy.

**Category results comprise responses from survey questions organized into themes. These results are derived by calculating the average ratings for all items assigned to the given category.

***Benchmark norm includes 2002 data from the following financial services companies: American Express, AXA, Citigroup, Fleet, John Hancock Financial Services, JP Morgan Chase, Lehman Brothers, Merrill Lynch, Prudential Financial, UBS Warburg



- I have the same career advancement opportunities as those colleagues who sit in other geographical locations. (46% favorable)
- I have the same opportunity to succeed as peers/colleagues in similar roles at Goldman Sachs. (58% favorable, -6)

The first item listed above is the *top* driver of satisfaction/commitment, meaning that no other single item is as good a predictor of overall satisfaction/commitment as that item. In other words, ensuring that people think their chances of advancement are based on their qualifications is perhaps the *single most important thing Firm leaders can do in order to maximize people's commitment*. The other two items are both among the ten lowest rated items in the survey, and the last item listed above is one of only four items with percent favorable scores that regressed significantly from the 2001 People Survey to this one.

Statistical analyses reveal that results on the three aforementioned items are significantly higher in certain revenue-producing divisions (particularly FICC, IBD, and IMD) than in the federation divisions. However, *even the results in revenue-producing divisions are not especially strong*. To illustrate, the ranges of percent favorable ratings on the three items above for the six revenue-producing divisions are 60-69, 47-58, and 58-71, respectively.

Moreover, statistical analyses reveal significant differences among job titles on the three items above. Specifically, on the first and third items listed above, VP/ED respondents are significantly less satisfied than Associate **Redacted**. Further, on the second item above, VP/EDs are significantly less satisfied than **Reda**. Finally, the rating in the Meritocracy category is 50% favorable for VP/EDs, compared with ratings of 59%, 54%, and 54% at the **Re**, Associate, and **Reda** titles, respectively. In short, *VPs are generally less likely than firm members at any other title to perceive that they have a fair shot at career advancement*.

In addition to the abundance of quantitative data indicating that lack of career advancement opportunities is a significant issue, it should be noted that this issue represents the *single most prominent theme in the written comments*. That is, when people were asked to identify the single greatest obstacle limiting their effectiveness, the most *common* response given by Analysts and Associates was that people perceive a "lack of career advancement." This was also among the top three themes for VP/EDs, and among the top five for **Reda**.

2. Rewards don't seem commensurate with performance.

One of the ten lowest rated items in the survey is "People are rewarded based on their job performance" (47% favorable), which is also one of the top five drivers of satisfaction/commitment. Two clear reasons for this perceived disconnect can be found elsewhere in the survey data.

The first reason is clear from the written comments. One of the most common themes in response to the question on "obstacles to effectiveness" was a perception of "inadequate compensation." Specifically, this was the most prominent theme among **Redacted** in the top three among those at the VP/ED and Analyst levels, and in the top five among

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**Category results comprise responses from survey questions organized into themes. These results are derived by calculating the average ratings for all items assigned to the given category.

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Associates. The basic message in many of these comments is: "I'm working harder than I ever have due to downsizing and other factors, and I'm getting paid less than I used to."

The second potential reason for people's dissatisfaction with their rewards relative to their performance is illustrated by the following two items:

- My manager gives me regular feedback on my performance. (51% favorable)
- The performance review process is fair. (55% favorable, **-5**)

Each of these items is among the ten lowest rated items in the survey. In addition, the second item above is one of the four items with percent favorable scores that notably regressed since the last survey. It also is one of numerous items on which the rating for male respondents is significantly higher than the rating for female respondents. Interestingly, analysis of average ratings on this item across title reveals that the male/female gap increases at more senior levels:

"The performance review process is fair":

	<u>Males</u>	<u>Females</u>	<u>Gap (F-M)</u>
Analyst	Redacted		
Associate	3.49	3.42	-0.07
VP/ED	3.47	3.31	-0.16
MD	Redacted		

*Average rating given, based on a five-point scale where 5 = "Strongly Agree" and 1 = "Strongly Disagree."

Taken together, these survey results suggest at least two things. First, part of the problem may be that people don't know enough about how they are performing (e.g., lack of candid feedback or people are not receiving any feedback). In light of the strong ratings on items in the "Job Itself" category, which suggest that people think they are doing good work and being fully utilized, it is understandable that people could be frustrated with the relative lack of rewards for performance. Indeed, if people are not given a *candid* assessment of their performance, they will probably develop their own (more positive) perceptions of their performance. When they aren't rewarded accordingly, there is a perceived disconnect between rewards (reality) and performance (misperception).

Second, the review process is not always seen as fair, particularly as you look at results across gender and job title. Thus, any efforts to improve that process should take into account the perceptions of women at the VP/ED and **RA** levels.

Interestingly, the written comments in this area suggest that people generally are savvy enough to know that rewards are limited in lean times. However, when people are working very hard, not experiencing the financial rewards they anticipated, and not advancing professionally, it is critical that the organization find alternative ways of ensuring that people feel recognized and valued.

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3. The lack of work/life balance is becoming increasingly unacceptable.

It was noted above that people generally gave their immediate managers credit for being considerate of their personal/family needs. In addition, people had positive things to say about specific work/life balance initiatives (e.g., flexible work arrangements) in the written comments. However, survey items like the following reveal that there is still significant dissatisfaction with the impact of their jobs on their personal lives:

- My job allows me sufficient flexibility to meet my personal/family needs. (56% favorable)
- I can balance my work and personal life and still advance in my career. (43% favorable, -1)

The first item above is one of six items from this year's survey for which comparisons to external benchmark norms exist. It is noteworthy that the 2002 external benchmark norm on that item is 60%, meaning that respondents in the benchmark companies generally perceive that they have more flexibility to meet personal/family needs. In addition, the second of the two items above is the fourth lowest rated item in the People Survey in terms of percent favorable scores. Perhaps more telling, that item has the single highest percent *unfavorable* rating in the survey at the firmwide level. In short, people's apparent inability to balance their careers at Goldman Sachs and their personal priorities is perhaps the single biggest source of *dissatisfaction* in the firm.

This is also one of the most prominent themes in the written comments. Specifically, "lack of work/life balance" is among the top five themes for every title other than **Red** (where it is among the top ten themes). Many people acknowledge in these comments that they realized they would be working long hours when they joined the firm. Thus, it seems that people generally understand that to some extent this "goes with the territory."

However, people often counter this notion with two points in the written comments. First, many areas within the Firm are considered significantly understaffed, and therefore long hours to make up for the shortage of people resources are not justifiable. Second, as noted above, many people don't feel fairly rewarded for their hard work or envision the "wealth creation" value proposition, so they are less willing to sacrifice their personal lives for the Firm than they were two or three years ago.

4. Diversity-related issues persist.

When people were asked to describe actions that have had a positive impact over the last year, one of the more common responses in the written comments was "diversity initiatives." In fact, this was one of the ten most prominent themes for all four title groups. The most commonly cited diversity initiatives in these comments are the various "affinity networks." In short, it is clear that strides are being made in the area of diversity.

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However, survey results suggest that there are still diversity-related issues that need to be addressed, or at least considered. To begin with, "Diversity" is the second lowest rated survey category (57% favorable). One of the items in this category is: "My business unit/department has a climate in which diverse perspectives are valued" (67% favorable). The 2002 external benchmark norm on that item, by contrast, is 71% favorable.

Beyond these general findings, diversity perception gaps have been identified between genders, across races in the Americas, across nationalities in Europe, between locals and non-locals in Asia Ex-Japan, and between locals and non-locals in Japan. Each of these categories is dealt with in turn.

Gender Gaps

Statistical analyses reveal that males are significantly more satisfied than females on the following:

- Four out of six survey categories (Job Itself, Manager Effectiveness, Meritocracy, and Satisfaction/Commitment to the Firm)
- The "Diversity of the work force" key workplace attribute
- 19 out of 47 survey items

Predictably, the three items on which female ratings are more favorable than male ratings are all diversity-related; specifically, they are the items dealing with "diversity initiatives" and "affinity networks," perhaps indicating that women use these resources more than men and are therefore more satisfied with them. Overall, gender gaps in survey results are widespread, although these gaps are small.

The picture becomes even clearer when gender gaps are considered across title. To illustrate, here are the average ratings across title on the item, "People at Goldman Sachs think the firm is making progress towards a more inclusive work environment that supports a diverse workforce":

	<u>Male</u>	<u>Female</u>	<u>Gap (F-M)</u>
Analyst	Redacted		
Associate	3.69	3.57	-0.12
VP/ED	3.69	3.43	-0.26
MD	Redacted		

These results clearly suggest that more *senior* females are less inclined than more *junior* females to think that progress is being made in the area of diversity. In short, males are more satisfied than females in numerous areas, and **Re** and VP/ED females are especially skeptical about progress in the area of diversity.

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Ethnicity Gaps in Americas

Redacted

Nationality Gaps in Europe

Redacted

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Redacted

Summary of Diversity Findings

The Executive Summary of results from the 2001 People Survey also identified "Firm Performance on Diversity" as an "Area for Improvement." While the written comments indicate that many people applaud specific diversity-related initiatives, there is a question as to whether these are the right sorts of initiatives to address the fundamental issues, and if so, whether they are being implemented as effectively as possible.

5. Many people question whether Senior Leadership takes the People Survey seriously.

Two survey items deal specifically with taking actions on the People Survey results. Both of these items are among the ten lowest rated items in the survey:

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